51507-1-U(A)

District of Columbia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 1987

January 27, 1988

Dear Citizens:

For the seventh consecutive year, the District has achieved an excess of revenues over expenditures in its General Fund. Revenues were $3,055.4 million and expenditures and other uses were $3,035.1 million, resulting in an excess of $20.3 million. The accumulated deficit has been reduced $173 million during the last seven years.

For the sixth year in a row, the District was awarded the coveted Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. The certificate is awarded only to those jurisdictions whose financial reports comply with rigorous program requirements and standards. Only six other states have received this certificate. As shown in the financial statements contained in this report, the District continues to improve its financial position and stability. Through responsible and progressive management of financial operations, we demonstrate our on-going commitment to the highest standards of accounting and financial reporting.

We have had an interesting and exciting year in which improvements were made in the following areas:

- Our economic development efforts have added 8,500 jobs in the District in 1987, principally in the private sector. At September 30, 1987, the unemployment rate was 6.4%, the lowest third quarter since 1974.
- We issued $143.7 million of private activity bonds to six organizations and made $7.7 million of loans to 64 businesses.
- Our summer youth employment program is number one in the nation in locally-funded jobs per capita. Last summer, we employed 21,472 young people.
- We have continued to refund our long term United States Treasury debt. During 1987, $259.9 million was refinanced which will result in a savings of $36.5 million to the taxpayers over the next 24 years. The total savings for the five refundings to date is $852.8 million.
- The revitalization of "Old Downtown" continued in 1987. The area between 15th Street, Northwest and the Capitol has been transformed by shops, hotels, restaurants and office buildings. The changes began with the opening of the Washington Convention Center which is now attracting more than one million visitors per year.
- Project Success was launched in 1987. This program guarantees that every high school graduate not going to college or the military may receive a job, job training or vocational training. Already 369 graduates have been placed in permanent jobs.
- The Water and Sewer Fund had a retained deficit of $58.0 million at the end of 1984. Our five year plan, started in 1984, to restore the fund to financial health was accomplished in just four years. The Water and Sewer Enterprise Fund now has retained earnings and not a deficit. The 10% rate increase scheduled for 1988 was not put into effect.

While we have accomplished a great deal during the past year, we still have several financial challenges:

- We must negotiate a resolution to our unfunded pension liability and accumulated deficit which we inherited from the Federal government.
- We must obtain a formula for calculating the Federal payment in lieu of taxes. This is particularly critical because it affects the ratings of the bonds issued by the District.
- We must continue our economic development efforts to revitalize areas outside of downtown to keep our tax base and job opportunities expanding.

The District is a complex $4 billion conglomerate made up of 20 major departments and 50 offices, boards and commissions. Many problems have been solved and some remain. But with the cooperation of our citizens, businesses and the government, we shall turn the remaining problems into opportunities for improvement.

Sincerely,

Marion Barry, Jr.
Mayor

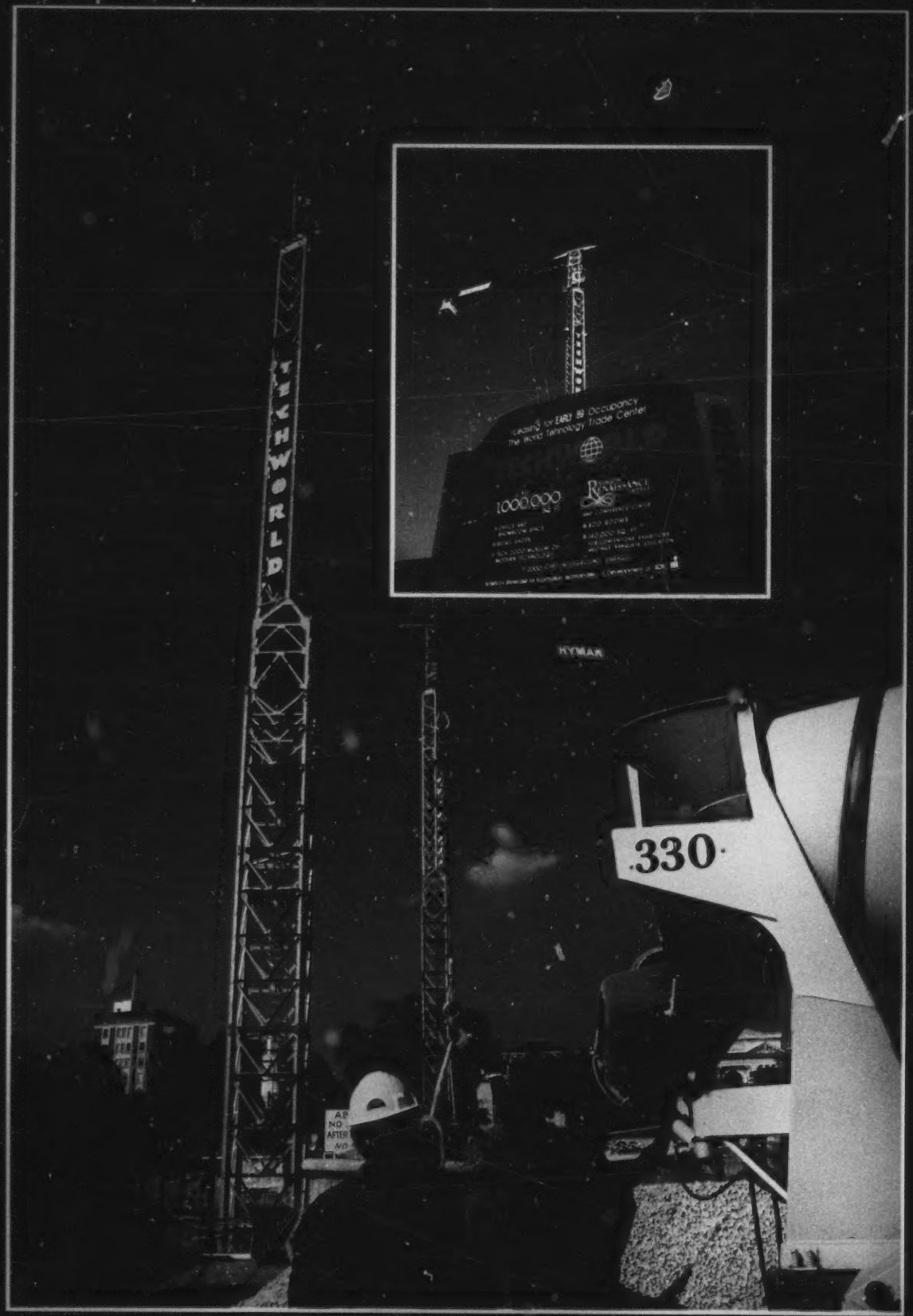
District of Columbia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 1987

Prepared by:

Office of the Controller
N. Anthony Calhoun
D.C. Controller
415 Twelfth Street, NW
Washington, DC 20004



This section contains the table of contents, letter of transmittal, organization chart, list of principal officials and Certificate of Achievement for Excellence in Financial Reporting.

H Street Mall

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 1987

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DISTRICT OF COLUMBIA

OFFICE OF THE DEPUTY MAYOR FOR FINANCE

1350 PENNSYLVANIA AVENUE, NORTHWEST
WASHINGTON, DC 20004
(202) 727-2476

January 26, 1988

The Honorable Marion Barry, Jr.,
Mayor of the District of Columbia:

The Comprehensive Annual Financial Report of the District of Columbia, for the fiscal year ended September 30, 1987, is submitted herewith. This report was prepared by the Office of the D.C. Controller. Responsibility for both the accuracy of the financial data and the completeness and fairness of the presentation, including all disclosures, rests with the District. It is believed that the data are accurate in all material respects, are presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds, and include all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs. Note 1 in the financial section of this report presents a summary of the significant accounting policies that have been adopted by the District for preparing its financial statements.

Reporting Entity

This Comprehensive Annual Financial Report covers all funds and account groups of the District government including appropriate combined, combining and individual fund statements, notes to the financial statements, schedules, narrative explanations and statistical tables. Where it enhances communication and understanding of the financial statements, similar funds are aggregated on a functional basis within a fund type.

The criteria used in determining the scope of the entity for financial reporting purposes are manifestations of oversight (financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), scope of public service and special financing relationships. This report includes the oversight unit and all potential component units except the District of Columbia Economic Development Finance Corporation which is excluded because its appointed board members have no continuing relationship with the District; its board designates the management and has sole budgetary authority; the District cannot significantly influence the corporation's operations and is not legally or morally obligated for the corporation's debt; and the corporation controls surpluses and deficits and is responsible for fiscal management and project selection.

The Washington Metropolitan Area Transit Authority is a joint venture of Maryland, Virginia and the District, and is a separate reporting entity. The District's investment in the joint venture is included in the financial statements in this report. Note 4 in the financial section of this report presents information about the Transit Authority.

Services Provided

The District provides the full range of state, county and city services. This includes public safety (police, fire, corrections and courts), public works (transportation, sanitation and construction), social services (health, welfare and recreation), economic development (planning, housing, regulation and employment), education (schools and libraries) and general administrative services. In addition, the District operates a water and sewer utility service, a general hospital, a stadium and armory complex ("Starplex"), a convention center, a lottery and a university.

Component Unit Financial Statements

Financial statements are issued by the Public Schools, Water and Sewer, General Hospital, Convention Center, Lottery and Games, University, Unemployment Compensation, Housing Finance and Pension component units of the District. Copies of these statements may be obtained by writing to the respective organization units.

Accounting System

The District's accounting system is organized and operated on a fund basis. A fund is a group of functions combined into a separate accounting entity (corresponding to a corporation in the private sector) having its own assets, liabilities, equity, revenues and expenditures/expenses. The types of funds used are determined by generally accepted accounting principles and the number of funds established within each type is determined by sound financial administration. Specialized accounting and reporting principles and practices apply to governmental and expendable trust funds. Proprietary and pension trust funds are accounted for in the same manner as similar business enterprises or nonbusiness organizations.

Internal Control

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Control

Budgetary control is maintained at the object class and control center level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of object class and control center balances are not released until additional appropriations are made available or the overrun is approved by an authorized person. However, expenditures may not legally exceed appropriations at the functional level of classification. All appropriations and encumbrances lapse at the end of each fiscal year except for capital projects.

The District's appropriated budget is enacted on a basis not consistent with generally accepted accounting principles. The principal difference is the exclusion of interfund, gift, grant and refunding revenues and related expenditures from the appropriated budget.

General Fund

Governmental funds consist of the General Fund and the Capital Projects Fund. Operations are reported to show an *excess* or *deficiency* on a spending focus. Capital outlays, debt proceeds and principal payments are included on their operating statements. Depreciation is not charged against operations. Interest incurred during construction is not capitalized.

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund operations are summarized below ($ millions).

	1987	1986	Increase
Revenues	$3,055.4	2,815.1	240.3
Expenditures and uses	3,035.1	2,795.0	240.1
Excess	$ 20.3	20.1	0.2

The General Fund changes in cash and investments are summarized below ($ millions).

	1987	1986	Increase
Originations	$3,412.6	3,449.5	(36.9)
Applications	3,443.2	3,350.7	92.5
Increase (Decrease)	$ (30.6)	98.8	(129.4)

The General Fund had a total fund deficit of $204.6 million at September 30, 1987 represented by liabilities of $675.9 million less assets of $471.3 million. The total fund deficit reported in the first complete audit for 1980 was $377.8 million.

The amount of revenues by source class and the changes from last year are shown in the following tabulation ($ millions).

Source Class	1987 Amount	Percent of Total	Percent Increase (Decrease) from 1986
Property taxes	$ 541.2	17.7%	10.7%
Sales and use taxes	459.4	15.0	6.1
Income and franchise taxes	682.8	22.3	14.6
Gross receipts taxes	99.8	3.3	6.4
Other taxes	90.5	3.0	24.1
Total taxes	1,873.7	61.3	11.2
Licenses and permits	31.9	1.0	—
Fines and forfeits	38.5	1.3	(2.5)
Charges for services	134.5	4.4	14.4
Miscellaneous	24.1	0.8	(30.9)
Total District sources	2,102.7	68.8	10.2
Payment in lieu of taxes	479.5	15.7	6.5
Revenue sharing entitlements	—	—	(100.0)
Operating grants	473.2	15.5	7.3
Total Federal sources	952.7	31.2	5.1
Total revenues	$3,055.4	100.0%	8.5%

The amount of tax revenues by source and the variances from budget and last year are shown in the following tabulation ($ millions).

Source	1987 Actual	Variance - Favorable (Unfavorable) From Budget	Variance - Favorable (Unfavorable) From 1986
Property taxes:			
Real	$ 480.4	(1.1)	43.1
Personal	55.4	0.3	8.6
Public space rental	5.4	0.1	0.7
Total	541.2	(.7)	52.4
Sales and use taxes:			
General	381.7	(1.2)	20.7
Alcoholic beverages	6.6	(0.8)	(0.2)
Cigarette	10.2	0.1	0.9
Hotel occupancy	6.4	1.0	1.3
Motor fuel	25.5	1.7	1.2
Motor vehicle	29.0	1.0	2.5
Total	459.4	1.8	26.4
Income and franchise taxes:			
Individual income	513.2	15.7	68.4
Corporation franchise	138.5	(2.5)	22.3
Unincorporated business	31.1	(0.8)	(3.9)
Total	682.8	12.4	86.8
Gross receipts:			
Public utility	72.8	(7.2)	0.3
Insurance companies	27.0	5.2	5.7
Total	99.8	(2.0)	6.0
Other taxes:			
Inheritance and estate	27.1	(0.4)	(1.2)
Recordation	33.5	1.3	9.0
Transfer	29.9	(0.2)	9.8
Total	90.5	0.7	17.6
Total taxes	$1,873.7	12.2	189.2

The real property tax levy of $469.2 million in 1987 represents an increase of 12.7% over 1986. The assessed value of taxable real property of $28.1 billion in 1987 represents an increase of 12.5% over 1986. Collections of current real property taxes were 98.0% of the levy in 1987 as compared to 98.6% in 1986. Delinquent real property taxes outstanding were 3.2% of the levy in 1987 and 3.3% in 1986.

The percent of taxpayers with an annual income below $10,000 decreased 0.8% between 1985 and 1986, from 28.2% to 27.4% of the total number of taxpayers. The percent of taxpayers with a taxable income over $25,000 increased 1.6% during the same period, from 26.7% to 28.3%.

The assessed value of nontaxable property decreased to 45.1% of total assessed value in 1987 from 47.5% in 1986. The value of commercial construction increased 46.5% from 1986 to 1987 and the value of residential construction increased 180.6% during the same period.

There were no tax rate increases in 1987.

The amount of expenditures and uses by function and the changes from last year are shown in the following tabulation ($ millions).

Function	1987 Amount	Percent of Total	Percent Increase (Decrease) from 1986
Current expenditures:			
Governmental direction and support	$ 136.3	4.5%	10.1%
Economic development and regulation	239.2	7.9	13.4
Public safety and justice	813.9	26.8	9.5
Public education system	554.4	18.3	9.3
Human support services	954.4	31.4	9.0
Public works	250.7	8.3	5.1
Future employee benefits	(210.1)	(6.9)	(15.8)
Total	2,738.8	90.3	8.8
Debt service:			
Principal	53.4	1.7	35.2
Interest and fiscal charges	148.4	4.9	—
Other financing uses (sources):			
Payment (proceeds) of refunding	—	—	(100.0)
Operating transfers out	94.5	3.1	2.5
Total expenditures and uses	$3,035.1	100.0%	8.6%

The amount of current expenditures by object class and the changes from last year are shown in the following tabulation ($ millions).

Object Class	1987 Amount	Percent of Total	Percent Increase (Decrease) from 1986
Salaries and wages	$1,158.2	42.3%	10.0%
Total employee benefits	509.0	18.6	10.7
Future employee benefits	(210.1)	(7.7)	(15.8)
Contractual services	229.3	8.4	13.3
Supplies	64.5	2.3	9.5
Occupancy	103.0	3.8	8.1
Public assistance	445.7	16.3	4.9
Other	439.2	16.0	8.3
Total current expenditures	$2,738.8	100.0%	8.8%

Capital Projects Fund

During 1987, grants, loans and transfers totaled $272.0 million and capital outlays were $284.7 million which resulted in a deficiency of $12.7 million. The capital outlays consisted of $282.2 million for general fixed assets and $2.5 million for proprietary fixed assets. The Capital Projects Fund had a total fund balance at the end of the year of $141.1 million.

Proceeds of general obligation bonds issued for capital projects are credited as "other financing sources" in the Capital Projects Fund. Completed projects and construction in progress at year end are recorded in the General Fixed Assets Account Group or in the proprietary fund to which they apply. Note 5 in the financial section of this report presents information about the fixed assets of the District.

Enterprise Funds

Enterprise Funds are used to account for component units engaged primarily or solely in selling goods or services to the general public on a continuing basis. Operations are reported to show a *net income* or *net loss* on a cost of services focus. Capital outlays, debt proceeds and principal payments are not included on their operating statements. The cost (including interest incurred during construction) of fixed assets acquired is capitalized and recovered through depreciation charged against operations over the life of the assets. Depreciation on fixed assets acquired by capital grants or by the University is closed to Contributed Capital and not to Retained Earnings.

The District operates six Enterprise Funds as summarized below ($ millions).

Fund	Operating Revenues	Income (Loss) Before Transfers		Operating Transfers In (Out)	
	1987	1987	1986	1987	1986
Water and Sewer	$205.5	53.9	45.3	—	—
General Hospital	56.8	(42.2)	(46.7)	42.4	48.4
Starplex	5.7	0.7	0.6	—	—
Convention Center	5.3	(10.1)	(8.6)	6.3	8.5
Lottery and Games	53.4	40.3	40.0	(40.1)	(40.0)
University	6.8	(71.9)	(68.5)	70.2	67.7
Total	$333.5	(29.3)	(37.9)	78.8	84.6

The Water and Sewer Fund supplies potable water from the Potomac River and operates a sewerage system. District waste treatment facilities process sewage for local jurisdictions in suburban Maryland and northern Virginia. The Fund had net income of $53.9 million in 1987 and $45.3 million in 1986. User charges recovered 148.3% of cost (excluding depreciation) in 1987 and 144.1% in 1986. A 15% rate increase became effective in 1987.

The General Hospital Fund operates the 400-bed District of Columbia General Hospital and is a major provider of health services to indigent patients. The Hospital recovered 59.7% of its cost (excluding depreciation) through user charges in 1987 and 55.6% in 1986.

The Starplex Fund operates the Robert F. Kennedy Memorial Stadium and the National Guard Armory. User charges recovered 139.2% of cost (excluding depreciation) in 1987 and 136.9% in 1986.

The Washington Convention Center is located midway between the Capitol and the White House and has 378,000 square feet of exhibit and meeting space on two levels. The Convention Center Fund recovered 42.9% of its cost (excluding depreciation) through user charges in 1987 and 45.0% in 1986.

The lottery is accounted for in the Lottery and Games Fund. The lottery had pretransfer income of $40.3 million in 1987 as compared to $40.0 million in 1986 or, 33.2% and 33.7% on gross revenues, respectively.

The University Fund includes all activities of the University of the District of Columbia which is a land-grant institution that operates at three campuses—Van Ness Center, Mt. Vernon Square and Harvard Street. The University provides low cost, higher education courses leading to certificate, bachelor and advanced degrees in arts, sciences, teacher education and special career education. The University recovered 8.1% of its cost (excluding depreciation) through user charges in 1987 and 7.5% in 1986.

At September 30, 1987, the Enterprise Funds had combined fund equities of $652.1 million segregated into capital contributions from the Federal and District governments of $573.6 million and retained earnings of $78.5 million. The combined net income of $49.5 million in 1987 was 14.9% of operating revenues and 7.6% of fund equity.

Trust Funds

Trust Funds are used to account for property to which the District has legal title in order to administer it for the benefit of others. Expendable Trust Funds are those whose principal may be expended and are reported on a spending focus. Pension Trust Funds must preserve their principal intact and are reported on a cost of services focus.

The District operates three Trust Funds as summarized below ($ millions).

Fund	Operating Revenues 1987	Excess/Income Before Transfers 1987	Excess/Income Before Transfers 1986	Operating Transfers In (Out) 1987	Operating Transfers In (Out) 1986
Unemployment Compensation	$ 91.1	11.4	32.3	—	—
Housing Finance	32.3	(1.8)	2.4	1.3	1.2
Pension	392.3	208.3	220.2	(3.6)	(2.8)
Total	$515.7	217.9	254.9	(2.3)	(1.6)

The Unemployment Compensation Fund pays benefits to unemployed former employees of the District and Federal governments and private employers doing business in the District. At September 30, 1987, the Fund had a total fund balance of $91.1 million.

The Housing Finance Fund issues bonds and uses the proceeds to finance residential mortgage, construction and rehabilitation loans. The bonds are not general obligations of the District and are payable solely from defined revenues and assets of the Fund. At September 30, 1987, the Fund had loans receivable of $182.6 million, loans payable of $229.8 million and a total fund balance of $3.6 million.

The Pension Trust Funds pay benefits to retired judges, police officers, fire fighters and public school teachers under the District Retirement Program which is a contributory, defined benefits, single employer plan administered by the District. Other employees are covered by the Civil Service or Social Security systems administered by the Federal government.

The District Retirement Program was started in 1916 and operated by the Federal government on an unfunded basis. At the beginning of Home Rule in 1975, the unfunded actuarial liability of the program was $1.9 billion. In 1979, Congress enacted the Retirement Reform Act which authorized 25 annual Federal contributions of $52.1 million from 1980 through 2004. The present value of these contributions in 1975 was $486.8 million or 25.6% of the unfunded actuarial liability at that date.

The District's annual contribution to the Pension Trust Funds mandated by the Retirement Reform Act is primarily on a pay-as-you-go basis through 2004. Beginning in 2005, the District's annual contribution to the Pension Trust Funds will increase to normal cost plus interest on the unfunded actuarial liability.

The unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress made by the District in accumulating sufficient assets to pay benefits when due. The smaller the percentage, the stronger the Pension Trust Funds.

The net assets (at market) available for benefits, expressed as a percentage of the total pension benefit obligation, indicates over time whether the program is becoming financially stronger or weaker. The larger the percentage, the stronger the Pension Trust Funds.

Three-year historical trend information was as follows:

Indicator	1987	1986	1985
Unfunded obligation to covered payroll	1,141.3%	945.6%	878.1%
Net assets to total obligation	27.8	29.2	27.3

Debt Administration

The following tablulation presents the total general obligation debt of the District at September 30, 1987 and 1986 ($ millions). There is no revenue, special assessment or overlapping debt.

Fund Type or Account Group	1987	1986
Enterprise notes	$ 71.2	95.5
General notes	643.9	912.8
Enterprise bonds	224.1	182.4
General bonds	1,430.4	1,035.1
Total	$2,369.6	2,225.8

The percent of debt to assessed value (which equals estimated actual value) and the amount of debt per capita are useful indicators of the District's debt position. These data for the District at the end of 1987 and 1986 were as follows.

Indicator	1987	1986
Debt to assessed value	8.4%	9.0%
Debt per capita	$3,810	3,599

Through 1984, the District issued general obligation notes for authorized capital projects to the Treasury of the United States. The rate of interest on the notes reflected the cost of money to the Treasury for borrowing at a maturity approximately equal to the period of time the loan was to be outstanding.

During 1987, the District issued $269.6 million of general obligation bonds to the general public to refund general obligation debt in the amount of $259.9 million. The interest rates on the refunding bonds are from 4.50% to 7.38%. The rates on the refunded debt were from 8.00% to 8.38%.

The District also issued $195.7 million of twenty-year general obligation serial and term bonds for capital projects with interest rates from 4.50% to 8.00%.

The long term general obligation debt issued during the year did not exceed the legal debt limitation contained in the Charter. Note 6 in the financial section of this report presents more detailed information about the debt position of the District.

The District has issued private activity bonds which do not constitute an indebtedness of the District and are not a charge against its general credit or taxing powers. The principal and interest are payable solely from revenues of the respective industries to which these bond proceeds were remitted. The amount of bonds outstanding at year end is not reported in the accompanying financial statements.

The District issued general obligation tax revenue anticipation notes in the amount of $150 million dated October 1, 1986 and due on September 30, 1987 with interest at 4.25% priced to yield 4.00%. The principal and interest were paid on the maturity date by the General Fund.

Cash Management

Cash from all funds is combined unless prohibited by law. Any cash that is not needed for immediate disbursement is used to purchase securities in which the District is permitted to invest. The District earned $18.7 million on its average cash and investments in 1987 and $23.8 million in 1986, rates of return of 6.6% and 7.2%, respectively, exclusive of fiduciary funds.

Summary Reports

The Summary of Changes in Cash and Investments (Exhibit S-15) of governmental and expendable trust funds corresponds to the Combined Statement of Changes in Financial Position (Exhibit 5) of proprietary and pension trust funds. The Summary of Financial Activity (Exhibit S-16) of governmental, expendable trust and proprietary funds is a one-page report combining operating performance on a cost of services focus with financial performance. It provides information that can be helpful to users in making economic decisions.

Independent Audit

District law (D.C. Code 47-119) requires an annual audit of the financial operations of the District government by an independent certified public accountant. The audit must be conducted in accordance with generally accepted auditing standards and the financial statements must be prepared in conformity with generally accepted accounting principles. This requirement has been complied with and the auditor's opinion has been included in this report.

The law also provides that the auditor shall be selected for a four-year period and shall not succeed itself. It gives me great pleasure to thank the firms of Coopers & Lybrand and Bert W. Smith, Jr., & Co. for the excellent manner in which they conducted the four annual audits of the District of Columbia and to recognize their outstanding professional competence.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District of Columbia for its Comprehensive Annual Financial Report for the year ended September 30, 1986. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. It is believed that the current report continues to conform to Certificate of Achievement Program requirements and it is being submitted to GFOA to determine its eligibility for another certificate.

Acknowledgements

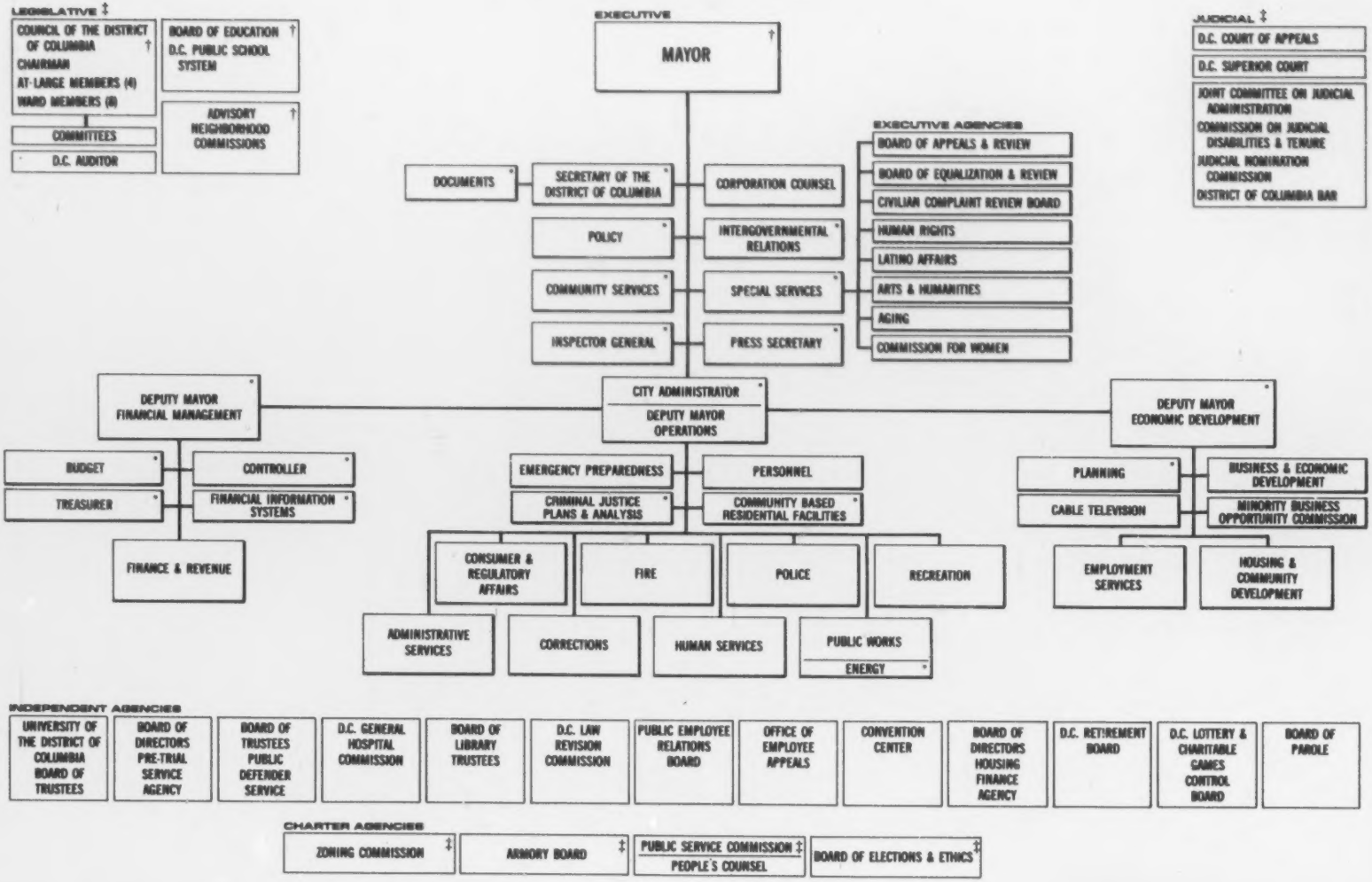
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the Controller's Office. I would like to express my appreciation to all members of the staff who assisted and contributed to its preparation. I would also like to thank the Mayor and members of the Council for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,

N. Anthony Calhoun

N. Anthony Calhoun
D.C. Controller

ORGANIZATION CHART



* EXECUTIVE OFFICE OF THE MAYOR

‡ NOT SUBJECT TO MAYOR'S REORGANIZATION AUTHORITY

† ELECTED OFFICE

SEE ATTACHED LIST FOR BOARDS/COMMITTEES CREATED BY STATUTE AND EXECUTIVE ORDER

5/85

REGIONAL BODIES

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
NATIONAL CAPITAL PLANNING COMMISSION
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

PRINCIPAL OFFICIALS

January 2, 1988

Name	Position	Term Expires
Chief Executive Officer		
Marion Barry, Jr.	Mayor	1991
Council		
David A. Clarke	Chairman	1991
Betty Ann Kane	At Large	1991
Hilda H. Mason	At Large	1991
John L. Ray	At Large	1989
Carol Schwartz	At Large	1989
Frank Smith, Jr.	Ward 1	1991
John A. Wilson	Ward 2	1989
James E. Nathanson	Ward 3	1991
Charlene Drew Jarvis	Ward 4	1989
Harry L. Thomas	Ward 5	1991
Nadine P. Winter	Ward 6	1991
H. R. Crawford	Ward 7	1989
Wilhelmina J. Rolark	Ward 8	1989
Chief Judges		
William C. Pryor	Court of Appeals	1988
Fred B. Ugast	Superior Court	2000
House of Representatives		
Walter E. Fauntroy	Delegate	1989
Executive Officers		
Thomas M. Downs	City Administrator/Deputy Mayor for Operations Deputy Mayor for Finance	
Carol B. Thompson	Deputy Mayor for Economic Development	
Frederick D. Cooke, Jr.	Corporation Counsel	
Dwight S. Cropp	Secretary of the District of Columbia (acting)	
N. Anthony Calhoun	Controller	
Harold L. Thomas	Finance and Revenue Director (acting)	
Richard C. Siegel	Budget Director	
Vernon S. Gill	Inspector General	

Certificate of Achievement for Excellence in Financial Reporting

Presented to

District of Columbia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 1986

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

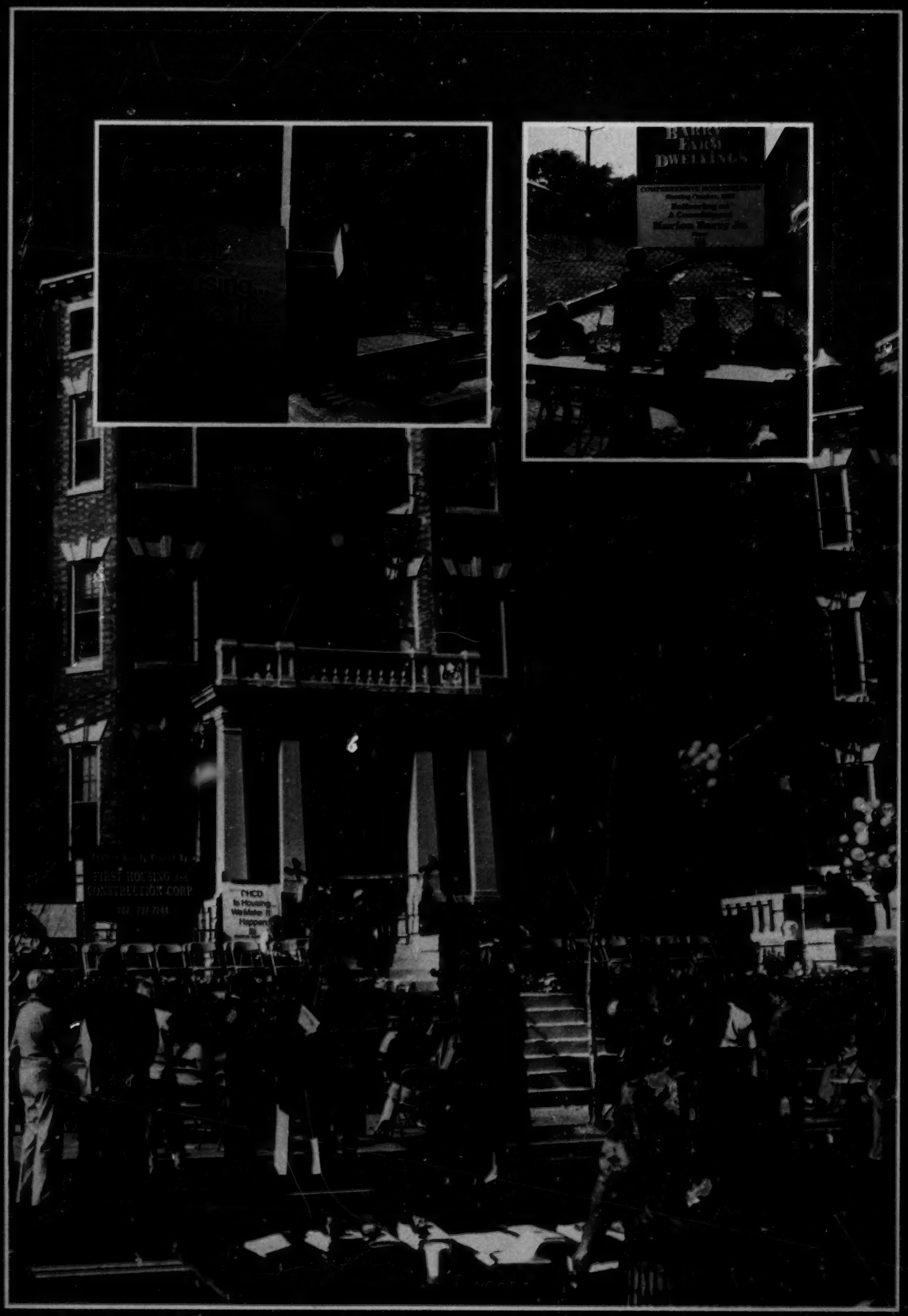
Executive Director

FINANCIAL SECTION

Harbor Square

This section contains two subsections: **General Purpose Financial Statements** and Combining and Individual Fund Statements and Schedules.

GENERAL PURPOSE FINANCIAL STATEMENTS



These basic financial statements provide a summary overview of the financial position of all fund types and account groups and of the operating results of all fund types.

BERT W. SMITH, JR., & CO. | Coopers & Lybrand

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

To the Mayor and Council
of the District of Columbia:

We have examined the general purpose financial statements of the District of Columbia as of and for the year ended September 30, 1987, as listed in the table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the general purpose financial statements referred to above present fairly the financial position of the District of Columbia at September 30, 1987, and the results of its operations and the changes in financial position of its proprietary fund types and pension trust funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the District of Columbia. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Bert W. Smith Jr. & Co.

Coopers & Lybrand

1800 M Street, NW
Washington, DC 20036
January 25, 1988

Exhibit 1

ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED BALANCE SHEET

September 30, 1987
($000s)

	Governmental Fund Types		Proprietary Fund Types	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Capital Projects	Enterprise (Note 8)	Trust and Agency (Note 9)	General Fixed Assets	General Long Term Liabilities	1987	1986
ASSETS								
Current Assets:								
Cash and investments	$161,865	144,766	122,644	—	—	—	429,275	424,705
Receivables (net of allowances for uncollectibles)	177,883	—	72,362	—	—	—	250,245	198,252
Due from Federal government (note 2)	102,444	29,886	8,212	—	—	—	140,542	120,682
Due from other funds (note 3)	325	—	—	—	—	—	325	11,000
Inventory	20,869	—	14,150	—	—	—	35,019	30,151
Other current assets	1,992	—	3,692	—	—	—	5,684	7,037
Total current assets	465,378	174,652	221,060	—	—	—	861,090	791,827
Long Term Assets:								
Due from other governments	—	—	17,581	—	—	—	17,581	18,557
Advance to other funds (note 3)	5,908	—	—	—	—	—	5,908	4,868
Deferred charges	—	—	3,992	—	—	—	3,992	3,655
Total long term assets	5,908	—	21,573	—	—	—	27,481	27,080
Fixed Assets (Note 5):								
Property and equipment	—	—	1,122,331	—	3,371,867	—	4,494,198	4,193,329
Less - accumulated depreciation	—	—	288,370	—	1,195,000	—	1,483,370	1,363,564
Net fixed assets	—	—	833,961	—	2,176,867	—	3,010,828	2,829,765
Restricted Assets:								
Cash and investments	—	—	—	1,265,498	—	—	1,265,498	1,132,089
Due from Federal government (note 2)	—	—	—	544,197	—	—	544,197	560,736
Due from other funds (note 3)	—	—	—	16,171	—	—	16,171	15,186
Due from others (net of allowances for uncollectibles)	—	—	—	234,737	—	—	234,737	186,692
Total restricted assets	—	—	—	2,060,603	—	—	2,060,603	1,894,703
Resources to be provided in future years	—	—	—	—	—	4,281,326	4,281,326	3,945,905
Total assets	$471,286	174,652	1,076,594	2,060,603	2,176,867	4,281,326	10,241,328	9,489,280

The accompanying notes are an integral part of this statement.

	Governmental Fund Types		Proprietary Fund Types	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Capital Projects	Enterprise (Note 8)	Trust and Agency (Note 9)	General Fixed Assets	General Long Term Liabilities	1987	1986
LIABILITIES AND FUND EQUITY								
Current Liabilities:								
Accounts payable	$154,715	28,229	40,413	—	—	—	223,357	241,322
Compensation liabilities	113,970	—	21,809	—	—	—	135,779	111,090
Due to Federal government (note 2)	42,525	—	16,648	—	—	—	59,173	82,856
Due to other funds (note 3)	16,171	—	325	—	—	—	16,496	26,186
Accrued liabilities	119,612	—	6,148	—	—	—	125,760	131,226
Deferred revenues	205,616	5,310	12,969	—	—	—	223,895	197,199
Current maturities	—	—	6,454	—	—	—	6,454	4,749
Other current liabilities	23,270	—	8,522	—	—	—	31,792	27,445
Total current liabilities	675,879	33,539	113,288	—	—	—	822,706	822,073
Long Term Liabilities:								
Due to Federal government (note 2)	—	—	65,549	—	—	643,898	709,447	1,002,319
Advance from other funds (note 3)	—	—	—	5,908	—	—	5,908	4,868
General obligation bonds payable (note 6)	—	—	218,188	—	—	1,430,435	1,648,623	1,213,214
Other long term liabilities (note 6)	—	—	27,510	—	—	2,206,993	2,234,503	2,026,191
Total long term liabilities	—	—	311,247	5,908	—	4,281,326	4,598,481	4,246,592
Liabilities Payable from Restricted Assets:								
Due to others	—	—	—	338,171	—	—	338,171	388,992
Total liabilities	**675,879**	**33,539**	**424,535**	**344,079**	**—**	**4,281,326**	**5,759,358**	**5,457,657**
Commitments and Contingent Liabilities (Notes 11 and 12)								
Fund Equity:								
Contributed capital (note 5)	—	—	573,586	—	—	—	573,586	561,759
Investment in general fixed assets (note 5)	—	—	—	—	2,176,867	—	2,176,867	2,018,007
Retained earnings (deficit) since October 1, 1978	—	—	78,473	—	—	—	78,473	22,039
Fund balances:								
Reserved for:								
Long term assets	5,908	—	—	—	—	—	5,908	4,868
Encumbrances	—	141,113	—	—	—	—	141,113	150,856
Net restricted assets	—	—	—	1,722,432	—	—	1,722,432	1,505,711
Unreserved (deficit)	(210,501)	—	—	(5,908)	—	—	(216,409)	(234,617)
Total retained earnings/fund balances (deficit) (note 7)	(204,593)	141,113	78,473	1,716,524	—	—	1,731,517	1,451,857
Total fund equity (deficit)	**(204,593)**	**141,113**	**652,059**	**1,716,524**	**2,176,867**	**—**	**4,481,970**	**4,031,623**
Total liabilities and fund equity	**$471,286**	**174,652**	**1,076,594**	**2,060,603**	**2,176,867**	**4,281,326**	**10,241,328**	**9,489,280**

Exhibit 2

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended September 30, 1987
($000s)

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	General	Capital Projects	Expendable Trust	1987	1986
Revenues:					
Taxes	$1,873,667	—	—	1,873,667	1,684,535
Licenses and permits	31,907	—	—	31,907	31,850
Fines and forfeits	38,569	—	—	38,569	39,528
Charges for services	134,531	—	—	134,531	117,585
Benefit contributions	—	—	91,086	91,086	107,966
Miscellaneous	24,076	—	32,304	56,380	73,370
Intergovernmental (note 10)	952,657	83,211	—	1,035,868	979,825
Total revenues	3,055,407	83,211	123,390	3,262,008	3,034,659
Expenditures:					
Current:					
Governmental direction and support	136,320	—	—	136,320	123,759
Economic development and regulation	239,248	—	34,105	273,353	247,134
Public safety and justice	813,947	—	—	813,947	743,224
Public education system	554,411	—	—	554,411	507,003
Human support services	954,434	—	79,709	1,034,143	951,448
Public works	250,667	—	—	250,667	238,624
Employee benefits addition (deduction)	(210,156)	—	—	(210,156)	(181,402)
Capital outlays	—	284,736	—	284,736	204,968
Debt service:					
Principal	53,416	—	—	53,416	39,505
Interest and fiscal charges	148,408	—	—	148,408	148,544
Total expenditures	2,940,695	284,736	113,814	3,339,245	3,022,807
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	114,712	(201,525)	9,576	(77,237)	11,852
Other Financing Sources (Uses):					
Proceeds (payment) of:					
General obligation bonds	248,297	170,885	—	419,182	635,192
Refunded debt	(239,398)	—	—	(239,398)	(424,756)
Refunding charges	(8,840)	—	—	(8,840)	(14,826)
Operating transfers in (out)	(94,483)	17,897	1,350	(75,236)	(81,834)
Total other financing sources (uses)	(94,424)	188,782	1,350	95,708	113,776
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	**20,288**	**(12,743)**	**10,926**	**18,471**	**125,628**
Fund Balances (Deficit) at Beginning of Year	**(224,881)**	**153,856**	**83,773**	**12,748**	**(112,880)**
Fund Balances (Deficit) at End of Year	**$ (204,593)**	**141,113**	**94,699**	**31,219**	**12,748**

The accompanying notes are an integral part of this statement.

Exhibit 3

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND RECONCILIATION OF BUDGETARY BASIS WITH GAAP BASIS

Year Ended September 30, 1987
($000s)

	Appropriated Budget	Appropriated Actual	Variance-Favorable (Unfavorable)	Nonappropriated Actual
Revenues:				
Taxes	$1,861,500	1,873,667	12,167	—
Licenses and permits	34,999	31,907	(3,092)	—
Fines and forfeits	40,402	38,569	(1,833)	—
Charges for services	37,506	36,528	(978)	98,003
Miscellaneous	20,240	21,673	1,433	2,403
Intergovernmental	479,500	479,500	—	473,157
Total revenues	2,474,147	2,481,844	7,697	573,563
Expenditures:				
Current:				
Governmental direction and support	115,016	116,046	(1,030)	20,274
Economic development and regulation	119,848	107,453	12,395	131,795
Public safety and justice	651,789	651,900	(111)	162,047
Public education system	467,613	465,568	2,045	88,843
Human support services	604,565	609,344	(4,779)	345,090
Public works	199,488	198,757	731	51,910
Unallocated addition (rescission)	(16,571)	—	(16,571)	—
Employee benefits addition (deduction)	—	—	—	(210,156)
Debt service:				
Principal	56,281	56,281	—	(2,865)
Interest and fiscal charges	144,745	152,422	(7,677)	(4,014)
Total expenditures	2,342,774	2,357,771	(14,997)	582,924
EXCESS OF REVENUES OVER EXPENDITURES	131,373	124,073	(7,300)	(9,361)
Other Financing Sources (Uses):				
Proceeds (payment) of:				
Refunding bonds	—	—	—	248,297
Refunded debt	—	—	—	(239,398)
Refunding charges	—	—	—	(8,840)
Operating transfers in (out)	(111,373)	(107,018)	4,355	12,535
Total other financing sources (uses)	(111,373)	(107,018)	4,355	12,594
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES (BUDGETARY BASIS)	20,000	17,055	(2,945)	3,233
To adjust for nonappropriated actual	—	3,233	3,233	(3,233)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES (GAAP BASIS)	**$ 20,000**	**20,288**	**288**	**—**

The accompanying notes are an integral part of this statement.

Exhibit 4

ALL PROPRIETARY FUND TYPES AND PENSION TRUST FUNDS

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES

Year Ended September 30, 1987
($000s)

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise (Note 8)	Pension Trust	1987	1986
Operating Revenues:				
Charges for services	$333,507	—	333,507	309,613
Benefit contributions	—	201,926	201,926	202,875
Miscellaneous	—	190,364	190,364	195,791
Total operating revenues	333,507	392,290	725,797	708,279
Operating Expenses:				
Personal services	182,952	—	182,952	171,168
Contractual services	67,864	—	67,864	60,175
Supplies	26,085	—	26,085	27,753
Occupancy	26,033	—	26,033	29,515
Depreciation	25,497	—	25,497	23,680
Benefit payments	—	183,972	183,972	178,445
Miscellaneous	24,503	—	24,503	25,403
Total operating expenses	352,934	183,972	536,906	516,139
OPERATING INCOME (LOSS)	(19,427)	208,318	188,891	192,140
Nonoperating Revenues (Expenses):				
Intergovernmental (note 10)	5,036	—	5,036	6,095
Interest and fiscal charges	(19,377)	—	(19,377)	(20,104)
Miscellaneous	4,430	—	4,430	4,141
Total nonoperating revenues (expenses)	(9,911)	—	(9,911)	(9,868)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(29,338)	208,318	178,980	182,272
Operating transfers in (out)	78,799	(3,563)	75,236	81,834
NET INCOME	**49,461**	**204,755**	**254,216**	**264,106**
Depreciation closed to Contributed Capital	6,973	—	6,973	6,805
INCREASE IN RETAINED EARNINGS/FUND BALANCES	**56,434**	**204,755**	**261,189**	**270,911**
Retained Earnings/Fund Balances at Beginning of Year	22,039	1,417,070	1,439,109	1,168,198
Retained Earnings/Fund Balances at End of Year	$ 78,473	1,621,825	1,700,298	1,439,109

The accompanying notes are an integral part of this statement.

Exhibit 5

ALL PROPRIETARY FUND TYPES AND PENSION TRUST FUNDS

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended September 30, 1987
($000s)

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise (Note 8)	Pension Trust	1987	1986
Sources of Cash:				
Operations:				
Income (loss) before operating transfers	$ (29,338)	208,318	178,980	182,272
Item not requiring cash -				
Depreciation	25,497	—	25,497	23,680
Working capital provided (required)	(3,841)	208,318	204,477	205,952
Increase (decrease) in current/restricted liabilities:				
Accounts payable	5,323	—	5,323	(7,010)
Compensation liabilities	1,584	—	1,584	1,531
Due to Federal government	(2,206)	—	(2,206)	(12,751)
Due to other funds	(10,675)	—	(10,675)	(31,308)
Accrued liabilities	574	—	574	3,565
Deferred revenues	2,221	—	2,221	5,638
Current maturities	1,705	—	1,705	3,294
Other current liabilities	186	—	186	3,107
Due to others	—	(14,161)	(14,161)	12,368
Decrease (increase) in current/restricted assets:				
Receivables	(9,309)	—	(9,309)	1,184
Due from Federal government	3,159	16,484	19,643	11,756
Due from other funds	—	(1,026)	(1,026)	(338)
Inventory	(2,753)	—	(2,753)	(4,060)
Other current assets	1,699	—	1,699	(1,601)
Due from others	—	(14,396)	(14,396)	(2,829)
Cash provided (required)	(12,333)	195,219	182,886	188,498
Other sources of cash:				
Deduction of long term assets	1,818	—	1,818	245
Disposition of fixed assets	941	—	941	3,614
Proceeds of long term liabilities	46,093	—	46,093	127,968
Contribution of capital	18,800	—	18,800	7,613
Operating transfers in	118,899	—	118,899	124,586
Total sources of cash	174,218	195,219	369,437	452,524
Uses of Cash:				
Addition of long term assets	1,179	—	1,179	2,510
Acquisition of fixed assets	48,641	—	48,641	39,757
Payment of long term liabilities	30,665	—	30,665	112,053
Operating transfers out	40,100	3,563	43,663	42,752
Total uses of cash	120,585	3,563	124,148	197,072
INCREASE IN CASH AND INVESTMENTS	**53,633**	**191,656**	**245,289**	**255,452**
Cash and Investments at Beginning of Year	**69,011**	**868,857**	**937,868**	**682,416**
Cash and Investments at End of Year	**$122,644**	**1,060,513**	**1,183,157**	**937,868**

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

September 30, 1987

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles. A summary of the more significant accounting policies follows.

A. REPORTING ENTITY AND SERVICES PROVIDED

Article I, Section 8, Clause 17 of the United States Constitution adopted September 17, 1787 states, "The Congress shall have the power...to exercise exclusive legislation in all cases whatsoever, over such district (not exceeding ten miles square) as may, by cession of particular States, and the acceptance of Congress, become the seat of the government of the United States..." The District of Columbia was created March 30, 1791 and became the Nation's Capital December 1, 1800. Congress granted the District a Charter which went into effect on January 2, 1975 (the District of Columbia Self-Government and Governmental Reorganization Act, Public Law 93-198, approved December 24, 1973). The District is a municipal corporation which operates under an elected Mayor-Council form of government. An act of the Council, other than a budget request act, becomes a law unless it is disapproved by Congress and the President after it is adopted. Citizens of the District have the right to vote for President and Vice President of the United States but not for members of Congress. The District has an elected nonvoting delegate to the United States House of Representatives. The judges of the District courts are appointed by the President with the advice and consent of the Senate. Felonies committed in the District are prosecuted by the United States Attorney and court orders are carried out by the United States Marshall.

The criteria used in determining the scope of the entity for financial reporting purposes are manifestations of oversight (financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), scope of public service and special financing relationships. The accompanying financial statements include the oversight unit and all potential component units except the District of Columbia Economic Development Finance Corporation. The corporation is excluded because the appointed board members have no continuing relationship with the District; the board designates the management and has sole budgetary authority; the District cannot significantly influence the corporation's operations and is not legally or morally obligated for the corporation's debt; and the corporation controls surpluses and deficits and is responsible for fiscal management and project selection.

The District provides the following state, county and city services: public safety (police, fire, corrections and courts), public works (transportation, sanitation and construction), social services (health, welfare and recreation), economic development (planning, housing, regulation and employment), education (schools and libraries) and general administrative services. In addition, the District operates a water and sewer utility service, a general hospital, a stadium and armory complex ("Starplex"), a convention center, a lottery and a university.

B. BASIS OF PRESENTATION

The accounts of the District are organized in funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent. The various funds are grouped, in the accompanying financial statements, into three fund categories and four fund types as follows.

Governmental Funds

The **General Fund** is used to account for all financial resources except those required to be accounted for in another fund. Principal and interest payments on general long term debt of the District are accounted for in the General Fund.

The **Capital Projects Fund** is used to account for the purchase of fixed assets which are wholly or partly financed by capital grants or general long term debt and for the construction of fixed assets.

Proprietary Funds

Enterprise Funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the costs (including depreciation) of providing goods or services primarily or solely to the general public on a continuing basis are or could be financed or recovered primarily through user charges.

Fiduciary Funds

Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. These include Expendable Trust, Pension Trust, and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Pension Trust Funds are accounted for in essentially the same manner as proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

The **General Fixed Assets Account Group** is used to account for all fixed assets other than those used by proprietary funds.

The **General Long Term Liabilities Account Group** is used to account for long term liabilities intended to be financed from the General Fund.

C. MEASUREMENT FOCUS

The accounting and reporting treatment applied to the fixed assets and long term liabilities associated with a fund is determined by its measurement focus as follows.

Governmental funds and Expendable Trust Funds are accounted for on a spending or "financial flow" measurement focus which means that the acquisition and disposition of fixed assets and the proceeds and payment of long term debt are included on their operating statements which present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in working capital.

Proprietary funds and Pension Trust Funds are accounted for on a cost of services or "capital maintenance" measurement focus which means that the acquisition and disposition of fixed assets and the proceeds and payment of long term debt are included on their balance sheets and not on their operating statements which present increases (revenues) and decreases (expenses) in net income.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. Governmental funds, Expendable Trust Funds and Agency Funds use the "modified" accrual basis and proprietary funds and Pension Trust Funds use the accrual basis as follows.

Revenue Recognition

Revenues of governmental funds and Expendable Trust Funds are recognized when they become available and measurable. Available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. Measurable means ascertainable or estimable.

The property tax year is from July 1 to June 30. Real property taxes are levied on July 1 and are payable in two installments on September 15 and March 31. Personal property taxes are due in full on July 31. The District recognizes as revenues in its fiscal year ending September 30, 75% of the property taxes levied on July 1 of the prior year and 25% of the property taxes levied on July 1 of the current year, provided they are available. Real property taxes attach as an enforceable lien on property as of July 1 of the year after levy. Sales taxes are recognized as revenues when the sales take place. Income taxes on individuals, corporations and unincorporated businesses are recognized as revenues when the income is earned by the taxpayer. Taxpayer-assessed taxes, fees, fines and charges are recognized as revenues when cash is received. Interest is recognized through the passage of time.

Allowances for taxes that will ultimately be uncollectible are estimated and recorded as reductions of revenues. Delinquent taxes incur interest and penalty charges which continue to accumulate until paid in full. Such amounts are billed and recorded as revenue. Costs incurred by the District in converting delinquent taxes into tax liens are added to the taxes receivable from delinquent taxpayers. Anticipated refunds of taxes are estimated based upon previous experience and are recorded as liabilities and reductions of revenues.

Interfund transactions that would be treated as revenues and expenditures or expenses if they involved organizations external to the District are accounted for as revenues and expenditures or expenses in the funds involved.

Operating transfers, which are legally authorized transfers from a fund receiving revenues to the fund through which the revenues are to be spent, are recognized when the interfund receivables and payables arise.

Payments in lieu of taxes and entitlements are recognized as revenues in the year for which they are appropriated or awarded, respectively. Grants are recognized as revenues when the related costs are incurred. Grants that are collected before the related costs have been incurred are reported as deferred revenues. Probable disallowances of grant expenditures are estimated and accrued. Intergovernmental revenues are recorded in the fund financed.

Revenues of proprietary funds and Pension Trust Funds are recognized when they are earned and become measurable. Earned means collectible from sales of goods and services or the passage of time. Allowances for uncollectible accounts are estimated and recorded as expenses.

Expenditure and Expense Recognition

Expenditures are costs incurred to acquire goods and services. Expenses are expired costs of using goods and services. Expenditures and expenses are recognized when the liability is incurred, if measurable. Expenditures exclude amounts represented by liabilities which are not payable within one year or whose liquidation is reasonably not expected to require the use of current assets. Such noncurrent liabilities are debited to Resources To Be Provided In Future Years and credited to Other Long Term Liabilities in the General Long Term Liabilities Account Group.

District employees who are subject to the Fair Labor Standards Act earn overtime leave (compensatory time off) at a rate of one and one-half hours for each hour of overtime. Overtime leave accumulates on a weekly basis and is fully vested when earned. Accumulated overtime leave cannot exceed 240 hours (480 hours for safety employees) and any excess hours are paid in cash. An accrual has been provided which records (at current pay rates) the amount of accumulated overtime leave as a current liability in the paying fund.

District employees earn annual leave (vacation) with pay at the rate of 13 days per year, 20 days per year after 3 years of service, and 26 days per year after 15 years of service. Annual leave accumulates on a biweekly basis and is fully vested when earned. Accumulated annual leave cannot exceed 30 days at the end of any calendar year and any leave in excess of this amount expires. An accrual has been provided which reasonably estimates (at current pay rates) the amount of accumulated annual leave. The portion of the accrual which is paid or expires during the fourth quarter of the calendar year is recorded as a current liability in the paying fund. The remainder of the accrual is recorded as Other Long Term Liabilities.

District employees are entitled to sick leave with pay at the rate of 13 days per year. Sick leave accumulates on a biweekly basis without limitation and does not vest. Unused sick leave is credited at the rate of 22 days equal one month of service at the time of retirement and is added to years of service to increase the retirement annuity. No liability for accumulated sick leave is recognized and the expenditure is recorded in the year in which the sick leave is taken.

Unpaid interest incurred on general obligation debt is recorded as a current liability in the paying fund. Fiscal charges comprise bond discount and issuance costs. Bond discount is the excess of the face value of a bond issue over the price for which it is sold. Issuance costs are fees for underwriting, accounting, insurance, legal, printing and other services rendered in connection with the issuance of bonds. Fiscal charges incurred by governmental funds are reported as debt service or "other financing uses." Fiscal charges incurred by proprietary funds are capitalized as deferred charges and amortized as fiscal charges over the life of the bond issue.

Loss contingencies may arise from the risk of uncollectibility of receivables, refundability of tax and grant revenues, claims, judgments and property losses. A loss contingency is accrued when information available prior to issuance of the financial statements indicates it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A loss contingency is not accrued, but is disclosed in the notes to the financial statements, if it is possible but not probable or if the amount cannot be reasonably estimated. A loss contingency is not accrued or disclosed if it is remote (except for guarantees of indebtedness of others).

Loans by a fund to another fund are not expenditures or expenses to the paying fund and are not revenues to the receiving fund. Portions of the loans which are due within one year are reported as Due From or To Other Funds. Portions of the loans which are due after one year are reported as Advance To or From Other Funds. The fund balance is "reserved for long term assets" to indicate the portion that is not available for expenditure within one year.

E. BUDGETING AND BUDGETARY CONTROL

Budgetary Procedures

The District followed these procedures in establishing the budgetary data for the General Fund reflected in the budgetary statement (Exhibit 3).

1. *Proposal*—On February 5, 1986, the Mayor submited to the Council a proposed operating and capital budget for the fiscal year commencing October 1, 1986. The operating budget included proposed expenditures and the means of financing them.
2. *Projects*—The capital budget was prepared on a "project length basis" under which the total outlay was estimated for the length of each project to be started in the fiscal year. The capital budget was authorized by Congress subject to the approval of a financing plan for each project by the Council through the passage of a resolution. A budgetary comparison for the Capital Projects Fund could not be presented in the budgetary statement because the capital budget was not legally enacted on an "annual period basis."
3. *Adoption*—Public hearings were conducted by the Council to obtain taxpayer comments on the proposed budget. On March 18, 1986, the budget was adopted by the Council through passage of a budget request act. (The Council may not adopt any budget in which expenditures and other financing uses exceed revenues and other financing sources for the District government as a whole.)
4. *Approval*—On March 27, 1986, the Mayor approved the adopted budget and forwarded it to the President of the United States for review. (The Mayor may not forward any budget which is not balanced.)
5. *Appropriation*—On April 15, 1986, the President submitted the reviewed budget to Congress which conducted public hearings and enacted the budget and the authorized Federal payment in lieu of taxes through passage of an appropriation law on October 18, 1986. Any revisions that alter the total expenditures of any function must be approved by Congress. The budgeted amounts in the budgetary statement include a supplemental appropriation law enacted by Congress on December 22, 1987.
6. *Amendment*—Budgeted amounts may not be transferred between organizational units or between object categories within the same organizational unit except in accordance with the Reprogramming Policy Act (D.C. Code 47-361). The budgeted amounts in the budgetary statement include all reprogrammings approved during the fiscal year.
7. *Allocation*—Allocation by agency, control center and object class is employed as a management control device but is not part of the appropriated budget. The Mayor has the power and duty to apportion appropriations during the fiscal year so as to prevent a deficiency.
8. *Compliance*—"Appropriated actual" expenditures and uses may not legally exceed "appropriated budget" expenditures and uses at the function level of classification. Any variance between budget and actual is shown in the budgetary statement.

Budgetary Basis

The legal authorization granted by Congress to incur obligations for specific purposes (the "appropriation") is enacted on a basis not consistent with generally accepted accounting principles (GAAP). The General Fund budgetary statement includes a reconciliation of the "Excess of revenues over expenditures and other uses" on the budgetary basis with the "Excess of revenues over expenditures and other uses" on the GAAP basis. The significant differences between the budgetary basis and the GAAP basis are the following.

1. *Offsets*—The budgetary basis excludes expenditures financed by interfund charges for services, private gifts, intergovernmental grants and refunding bonds. The GAAP basis includes all revenues from whatever source derived and both appropriation and nonappropriation expenditures.
2. *Benefits*—The budgetary basis includes vacation, disability and pension expenditures when they are due. The GAAP basis includes such expenditures when they are incurred and then excludes the portions which are long term liabilities.
3. *Inventory*—The budgetary basis includes supplies as expenditures when they are purchased. The GAAP basis includes supplies as expenditures when they are used or sold.

Encumbrances

Encumbrances are commitments to acquire goods and services. The recording of purchase orders and contracts in order to reserve that portion of the applicable appropriation is employed as an extension of allocation in the General and Capital Projects Funds. All appropriations and encumbrances lapse at the end of each fiscal year except for capital projects. The fund balance is "reserved for encumbrances" to indicate the portion that is available for expenditure upon vendor performance.

F. CASH AND INVESTMENTS

Cash (including certificates of deposit) from all funds is combined unless prohibited by law. Any cash which is not needed for immediate disbursement is used to purchase investments. The equity in the pooled cash and investments is accounted for as part of the fund to which it belongs. Governmental and proprietary fund investments are stated at the lower of cost or market and fiduciary fund investments are stated at market with accrued interest. Investments are not expenditures or expenses when purchased and are not revenues when sold. Gains or losses are recorded as miscellaneous revenues.

Pooled cash may be invested directly or through repurchase agreements in obligations of the United States or its agencies which are fully guaranteed by the Federal government. Investments may not be held for more than 91 days. The market value of securities collateralizing deposits or underlying repurchase agreements is at least equal to the amount of cash deposited or invested. All securities are held by the District or by its agent in the District's name.

The District may not enter into reverse repurchase agreements.

District cash may not be invested in companies making loans to or doing business with South Africa.

Pension Trust Fund cash may be invested also in fixed income or equity securities which are held by the funds or by their agent in the name of the funds. Pension Trust Fund cash may not be invested in obligations of or real property in Maryland, Virginia or the District and their political subdivisions; or in any one organization (except United States obligations) that represents more than four percent of trust net assets.

G. INVENTORY

Inventory of supplies on hand is stated at the lower of cost (first-in, first-out) or market. Supplies are recorded as expenditures or expenses when they are used or sold.

H. FIXED ASSETS

Fixed assets and betterments which have an acquisition cost of $1,000 or more per unit and an estimated useful life of three or more years are capitalized. Public domain ("infrastructure") improvements, such as bridges, curbs, gutters, lights, sidewalks, streets and similar assets which are immovable and of value only to the District, are capitalized. Repair and maintenance costs are charged to operations as incurred. Costs of assets retired are removed from the asset and accumulated depreciation accounts.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

Costs to acquire fixed assets used in governmental funds are capitalized (accounted for) in the General Fixed Assets Account Group. Depreciation on general fixed assets is debited to Investment In General Fixed Assets and credited to Accumulated Depreciation in the General Fixed Assets Account Group.

Costs (including interest incurred during construction) to acquire fixed assets used in proprietary funds are capitalized in those funds. Operating expenses include depreciation on all depreciable fixed assets. Depreciation on fixed assets acquired through capital grants or by the University is closed to Contributed Capital and reported in the operating statements as an adjustment of net income (loss).

Depreciation has been provided over the estimated useful lives of fixed assets using the straight line method. The estimated useful lives are as follows.

Improvements	30 years
Utility plant	60 years
Buildings	30-50 years
Equipment	3-15 years
Transit system investment	33 years

I. LONG TERM DEBT

Proceeds of general obligation bonds to be repaid from the General Fund and issued to finance capital projects or to refinance general obligation notes are credited to "other financing sources" in the Capital Projects Fund or General Fund, respectively. Principal payments are reported as debt service or "other financing uses" in the General Fund. Such proceeds and principal payments are debited or credited, as appropriate, to Resources To Be Provided In Future Years and to Due To Federal Government or General Obligation Bonds Payable, as appropriate, in the General Long Term Liabilities Account Group.

General obligation debt to be repaid from the Water and Sewer Enterprise Fund is accounted for in that fund. Proceeds of general obligation notes used to construct an interceptor and sewer line from Washington Dulles International Airport to the District system were debited to Due From Other Governments. The account is credited with a portion of the service charges levied on local jurisdictions benefiting from the facilities.

Under the District of Columbia Self-Government and Governmental Reorganization Act, no long term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long term general obligation debt to exceed 14% of the revenues of the fiscal year in which the debt is issued.

Bonds issued by and to be repaid from the Housing Finance Trust Fund are accounted for in that fund.

J. RESTRICTED ASSETS AND LIABILITIES

All assets of fiduciary funds are restricted as to use by legal or contractual requirements. The accompanying balance sheet segregates restricted assets, and liabilities which are payable from restricted assets, from assets which are unrestricted and therefore are available for general purposes. Any excess of restricted assets over liabilities payable from restricted assets is reported as "reserved for net restricted assets" to indicate the portion of the fund balance that is available for trust purposes only.

K. COMPARATIVE DATA

Summary comparative data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the District's financial position and operations. Prior year totals by fund type have not been presented in each of the statements because their inclusion would make the statements unduly complex and difficult to read. Payment of refunded debt and refunding fiscal charges has been reclassified from debt service to "other financing uses" in conformity with statement number 7 (March 1987) of the Governmental Accounting Standards Board.

L. TOTAL COLUMNS

Total columns on the General Purpose Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation because interfund eliminations and other appropriate consolidating entries have not been made in the aggregation of these data.

(2) DUE FROM OR TO FEDERAL GOVERNMENT

Amounts due from or to the Federal government are included in the following categories in the accompanying combined balance sheet at September 30 ($000s).

Account	General	Capital Projects	Enterprise	Trust and Agency	General Long Term	Totals 1987	Totals 1986
Current Assets (Note 10):							
Grants	$102,444	29,886	8,212	—	—	140,542	120,682
Restricted Assets (Note 9):							
Unemployment contribution	$ —	—	—	240	—	240	295
Future pension obligation	—	—	—	543,957	—	543,957	560,441
Total	**$ —**	**—**	**—**	**544,197**	**—**	**544,197**	**560,736**
Current Liabilities (Note 6):							
Accrued interest	$ 42,525	—	11,000	—	—	53,525	76,879
Current maturities	—	—	5,648	—	—	5,648	5,977
Total	**$ 42,525**	**—**	**16,648**	**—**	**—**	**59,173**	**82,856**
Long Term Liabilities (Note 6):							
General obligation notes	$ —	—	65,549	—	643,898	709,447	1,002,319

Receivables and accounts payable include amounts due from and to the Federal government for commercial transactions in the ordinary course of business. Compensation liabilities include amounts due to the Federal government for income taxes, Civil Service and Social Security withheld from employees and the District's matching contributions for such withholdings.

(3) INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivable and payable balances at September 30, 1987 follow ($000s).

Fund	Receivables		Payables	
	Due From	Advance To	Due To	Advance From
Governmental:				
General	$ 325	5,908	16,171	—
Enterprise:				
Convention center	—	—	325	—
Trust:				
Unemployment compensation	897	—	—	—
Housing finance	—	—	—	5,908
Pension	15,274	—	—	—
Total	**$16,496**	**5,908**	**16,496**	**5,908**

General Fund charges for services to other funds ($000s) were $36,447. The advance agreements provide for repayment within 15 years from the Housing Finance Fund's excess of revenues over expenditures to the extent it is available outside of the lien of the bond indenture (Note 9).

(4) INVESTMENT IN JOINT VENTURE

A. GENERAL INFORMATION

The Washington Metropolitan Area Transit Authority is a tax exempt joint venture created in 1967 by compact among Maryland, Virginia and the District pursuant to the "Capital Transportation Act." The Authority is responsible for the construction, financing and operation of mass transit facilities, consisting of a 103 mile, 87 station rapid rail and a 344 route bus transit system, in the counties of Montgomery and Prince George's in Maryland, the counties of Arlington and Fairfax and the cities of Alexandria, Fairfax and Falls Church in Virginia, and the District.

As of September 30, 1987, 70 miles and 64 stations of the rail transit system were operational. Twenty-four miles and 16 stations were under construction or final design at that date. Nine miles and 7 stations have not been financed. The system is expected to be completed by 1997. The estimated total cost of constructing the rail transit system is $10 billion. The cost of purchasing the area's privately owned bus companies in 1973 was $60.4 million.

The Authority is a body corporate and politic which is governed by a Board consisting of six directors, two each representing Maryland, Virginia and the District. The District's directors are appointed by the Council. The Authority does not have any stockholders, has no taxing power and is not subject to regulatory approval of its fare schedules.

The Authority's operating budget is adopted by the Board after each participant has appropriated its share of the required operating and debt service grants for the coming fiscal year. The grants are recorded by the District as current expenditures in the General Fund.

Capital funds are provided through multiyear interim capital grant agreements that specify the amount due from each participant. Federal capital grants are contingent upon matching grants from the participants of 15% to 25%. The grants are recorded by the District as capital outlays in the Capital Projects Fund and accounted for in the General Fixed Assets Account Group as described in Note 5. The cumulative capital outlays are being amortized over 33 years, the estimated useful life of the Authority's fixed assets.

The participants are required to provide a stable and reliable source of revenues to finance the grant payments to the Authority. The revenues allocated by the District to the Authority are sales taxes on motor fuel, parking fees, hotel rooms and restaurant meals; traffic fines; and Federal grants for operating expenses of the Authority.

The District pays the Authority for taking public school students to and from schools or school-related activities by bus or rail. The payments are recorded by the District as current expenditures in the General Fund.

B. FINANCIAL INFORMATION

A summary balance sheet of the Authority at June 30, 1987 and 1986 follows ($000s).

	1987	1986
Current assets	$ 457,112	440,758
Fixed assets, net	5,223,468	5,061,089
Total assets	**$5,680,580**	**5,501,847**
Current liabilities	$ 447,823	459,206
Long term liabilities	993,453	993,316
Total liabilities	**1,441,276**	**1,452,522**
Fund equity	4,239,304	4,049,325
Total liabilities and fund equity	**$5,680,580**	**5,501,847**

A summary operating statement of the Authority for the years ended June 30, 1987 and 1986 follows ($000s).

	1987	1986
Operating revenues	$ 236,427	216,931
Operating expenses:		
Depreciation	138,049	124,902
All other	457,473	422,949
Total operating expenses	**595,522**	**547,851**
OPERATING INCOME (LOSS)	(359,095)	(330,920)
Nonoperating revenues	223,172	207,675
NET INCOME (LOSS)	**(135,923)**	**(123,245)**
Fund equity at beginning of year	4,049,325	3,924,884
Capital grants earned	325,902	247,686
Fund equity at end of year	**$4,239,304**	**4,049,325**
District expenditures ($000s):		
Operating grants	$ 85,526	86,170
Debt service grants	10,280	10,242
Capital grants	31,055	1,768
Total	**$ 126,861**	**98,180**

C. DEBT STRUCTURE

The debt of the Authority does not constitute debt of the District. The Authority issued the following bonds guaranteed by the Federal government ($000s).

Series	Issue Date	Due Date	Rate	Principal	Discount	Net
A	10/1/72	7/1/12	7.30%	$225,000	1,135	223,865
B	1/1/73	7/1/12	7.35	220,000	603	219,397
C	7/1/73	7/1/13	7.75	150,000	390	149,610
D	4/1/74	7/1/14	8.15	225,000	1,419	223,581
E	1/1/75	7/1/14	8.35	177,000	—	177,000
Total				**$997,000**	**3,547**	**993,453**

The payment of debt principal and interest is shared on the basis of two-thirds by the Federal government and one-third by the Authority. The payment of the Authority's share of the bond interest was provided by advances from the Federal government through July 1, 1982. Beginning then, the Authority is required to make annual sinking fund payments of $2.5 million. The interest rates on the advances range from 9.41% to 14.42%. The repayment of the advances before January 1, 1993 will be provided by future debt service grants from the participants to the Authority.

Advances and interest payable to the Federal government by the Authority at June 30, 1987 and 1986 were as follows ($000s).

	1987	1986
Advances	$ 9.4	9.9
Interest	9.7	8.5
Total	**$19.1**	**18.4**

(5) FIXED ASSETS

A. GENERAL FIXED ASSETS

A summary of changes in general fixed assets and investment in general fixed assets follows ($000s).

Asset Class	Balance October 1, 1986	Acquisitions	Transfers/ Dispositions	Balance September 30, 1987
Land	$ 135,977	986	13,185	150,148
Improvements	993,758	—	79,830	1,073,588
Buildings	1,285,967	—	147,791	1,433,758
Equipment	181,318	28,613	(6,992)	202,939
Construction in progress	109,804	282,217	(321,866)	70,155
Transit system investment	410,301	—	30,978	441,279
Total	**3,117,125**	**311,816**	**(57,074)**	**3,371,867**
Less- accumulated depreciation	1,099,118	94,430	1,452	1,195,000
Net general fixed assets	**$2,018,007**	**217,386**	**(58,526)**	**2,176,867**
Federal capital grants	$ 580,806	53,710	(18,391)	616,125
District resources	1,437,201	163,676	(40,135)	1,560,742
Total investment in general fixed assets	**$2,018,007**	**217,386**	**(58,526)**	**2,176,867**

A summary of changes in general fixed assets by function follows ($000s).

Function	Balance October 1, 1986	Acquisitions	Transfers/ Dispositions	Balance September 30, 1987
Governmental direction and support	$ 15,538	1,800	7,653	24,991
Economic development and regulation	375,475	3,863	45,775	425,113
Public safety and justice	281,026	7,444	38,194	326,664
Public education system	596,201	6,791	56,983	659,975
Human support services	127,635	2,272	8,220	138,127
Public works	1,201,145	7,429	76,989	1,285,563
Construction in progress	109,804	282,217	(321,866)	70,155
Transit system investment	410,301	—	30,978	441,279
Total	**$3,117,125**	**311,816**	**(57,074)**	**3,371,867**

Acquisitions consist of expenditures from the General Fund for land and equipment and from the Capital Projects Fund for construction in progress. When a project is completed, costs in the construction in progress account are transferred to one or more of the other asset classes or are removed. The transit system investment is described in Note 4.

B. PROPRIETARY FIXED ASSETS

A summary of changes in proprietary fixed assets and contributed capital follows ($000s).

Asset Class	Balance October 1, 1986	Acquisitions	Transfers/ Dispositions	Balance September 30, 1987
Land	$ 31,971	—	—	31,971
Utility plant	700,026	—	20,103	720,129
Buildings	257,281	1,792	1,112	260,185
Equipment	70,067	11,913	(2,180)	79,800
Construction in progress	16,859	34,936	(21,549)	30,246
Total	**1,076,204**	**48,641**	**(2,514)**	**1,122,331**
Less- accumulated depreciation	264,446	25,497	(1,573)	288,370
Net proprietary fixed assets	**$ 811,758**	**23,144**	**(941)**	**833,961**
Federal capital grants	$ 131,815	12,386	—	144,201
District resources	429,944	(559)	—	429,385
Total contributed capital	**$ 561,759**	**11,827**	**—**	**573,586**

Acquisitions consist of expenditures ($000s) from proprietary funds ($31,170) and from the Capital Projects Fund ($2,519) plus interest capitalized ($1,247) for construction in progress.

C. CONSTRUCTION IN PROGRESS

A summary of construction in progress at September 30, 1987 by function follows ($000s).

Function	Number of Projects	Author-izations	Expend-itures	Unexpended Balances
Governmental direction and support	4	$ 5,097	1,492	3,605
Economic development and regulation	2	14,639	1,336	13,303
Public safety and justice	31	148,350	26,725	121,625
Public education system	8	34,113	13,666	20,447
Human support services	37	100,700	19,714	80,986
Public works	14	22,876	7,222	15,654
Total general	**96**	**$325,775**	**70,155**	**255,620**
Water and sewer	6	$ 84,750	27,551	57,199
General hospital	1	25,221	1,432	23,789
Convention center	2	1,469	342	1,127
University	4	82,404	921	81,483
Total proprietary	**13**	**$193,844**	**30,246**	**163,598**

(6) LONG TERM LIABILITIES

A. LONG TERM DEBT

Long term debt payable at September 30, 1987 was comprised of the following general obligation notes and serial or term bonds ($000s). A portion of the general obligation debt was incurred for the benefit of the Water and Sewer Enterprise Fund which services that debt as a matter of discretionary financial policy. The Fund is not a party to the debt instruments.

Form	Series	Maturity Date	Interest Rates	Original Amount	Outstanding Amount		
					Enterprise	General	Total
Notes	Treasury	10/1/17	3.00%- 7.87%	$1,014,037	71,197	643,898	715,095
Bonds	1985A	12/1/11	9.50 -10.25	80,000	14,466	62,034	76,500
Bonds	1985B	6/1/05	8.00 - 9.75	173,020	18,588	148,077	166,665
Bonds	1985C	6/1/05	5.60 - 9.38	210,220	20,105	180,535	200,640
Bonds	1986A	6/1/06	5.00 - 7.88	338,655	70,237	259,978	330,215
Bonds	1986B	6/1/06	4.75 - 7.75	211,960	34,878	171,777	206,655
Bonds	1986C	6/1/06	4.60 - 8.00	212,545	19,793	188,852	208,645
Bonds	1986D	6/1/07	4.50 - 7.38	269,565	21,268	248,297	269,565
Bonds	1987A/B	6/1/07	4.50 - 8.00	195,710	24,825	170,885	195,710
Total				**$2,705,712**	**295,357**	**2,074,333**	**2,369,690**

A summary of changes in long term debt payable follows ($000s).

	Notes		Bonds		
	Enterprise	General	Enterprise	General	Total
Debt payable at October 1, 1986	**$ 95,477**	**912,819**	**182,394**	**1,035,146**	**2,225,836**
Bond proceeds:					
Series 1986D (refunding)	—	—	21,268	248,297	269,565
Series 1987A/B (improving)	—	—	24,825	170,885	195,710
Total	**95,477**	**912,819**	**228,487**	**1,454,328**	**2,691,111**
Debt payments:					
Principal matured	3,774	29,523	4,327	23,893	61,517
Principal refunded	20,506	239,398	—	—	259,904
Debt payable at September 30, 1987	**71,197**	**643,898**	**224,160**	**1,430,435**	**2,369,690**
Less - current liabilities	5,648	—	5,972	—	11,620
Long term liabilities	**$ 65,549**	**643,898**	**218,188**	**1,430,435**	**2,358,070**

A summary of principal and interest requirements to maturity of long term debt follows ($000s).

Year	Notes		Bonds		Total
	Principal	Interest	Principal	Interest	
1988	$ 31,973	46,767	44,100	126,769	249,609
1989	31,372	44,955	46,385	125,399	248,111
1990	33,183	43,034	49,230	122,509	247,956
1991	34,973	40,996	52,400	119,322	247,691
1992	37,074	38,839	55,875	115,802	247,590
1993-1997	199,334	158,275	344,685	512,101	1,214,395
1998-2002	223,978	88,566	494,970	354,560	1,162,074
2003-2017	123,208	24,076	566,950	125,575	839,809
Total	**$ 715,095**	**485,508**	**1,654,595**	**1,602,037**	**4,457,235**

The general obligation notes are due to the Federal government and contain no pledge of property, sinking fund provisions, subordination, restrictive covenants or default stipulations. The District is in compliance with the terms of the notes.

The general obligation bonds are secured by the full faith and credit of the District and by deposits with banks of a special real property tax for payment of bond principal and interest. At September 30, 1987, the cash with fiscal agents ($000s) was $64,122. The District is in compliance with all limitations and restrictions contained in the bond indentures and in the District of Columbia Self-Government and Governmental Reorganization Act.

Improving bond proceeds ($000s) of $195,710, less bond discount of $836 and issuance costs of $3,286, were available in the amount of $191,588 to finance capital projects.

Refunding bond proceeds ($000s) of $269,565, less bond discount of $5,338 and issuance costs of $4,323, were used to call and refund note principal of $259,904.

The District issued general obligation tax revenue anticipation notes ($000s) in the amount of $150,000 dated October 1, 1986 and due on September 30, 1987 with interest at 4.25% priced to yield 4.00%. The principal and interest were paid on the maturity date. Interest and fiscal agent's fees were $5,665.

B. OTHER LONG TERM LIABILITIES

A summary of changes in other long term liabilities follows ($000s).

Account	Balance October 1, 1986	Additions	Deductions	Balance September 30, 1987
Enterprise:				
Construction contracts	$ 28,251	—	741	27,510
General:				
Accumulated annual leave	42,109	3,126	—	45,235
Accrued pension costs (Note 9)	1,855,033	185,711	—	2,040,744
Accrued disability compensation	93,365	21,319	—	114,684
Construction contracts	4,231	—	548	3,683
Mortgage bond	3,202	—	555	2,647
Total	**$2,026,191**	**210,156**	**1,844**	**2,234,503**

Accrued disability compensation is the actuarial present value of future payments for occupational injuries, deaths and diseases incurred by District employees.

The District has issued private activity bonds whose principal and interest are payable solely from defined revenues of private entities. The amount of these no-commitment bonds is not included in the accompanying financial statements.

A predecessor entity of the District issued housing bonds whose principal and interest are payable solely from debt service grants from the Federal government. The amount of these no-commitment bonds is not included in the accompanying financial statements.

The cost of providing postretirement health care and life insurance benefits for employees hired before October 1, 1987 is borne by the Federal government and the District has no liability for this cost.

(7) RETAINED EARNINGS/FUND BALANCES OF INDIVIDUAL FUNDS

Retained earnings (deficits) of individual Enterprise Funds and fund balances of individual Trust Funds at September 30 are summarized below ($000s).

Fund	1987	1986
Water and sewer	$ 50,382	(6,006)
General hospital	(6,845)	(7,061)
Starplex	391	(323)
Convention center	15,364	19,255
Lottery and games	1,405	1,158
University	17,776	15,016
Total Enterprise	**$ 78,473**	**22,039**
Unemployment compensation	$ 91,145	79,768
Housing finance	3,554	4,005
Pension	1,621,825	1,417,070
Total Trust	**$1,716,524**	**1,500,843**

(8) SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains six Enterprise Funds which sell water, sewer, medical, recreational, cultural and educational services to the general public on a continuing basis. Segment information for the year ended September 30, 1987 was as follows ($000s).

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	University	Total
Operating revenues:							
Gross	$205,504	129,933	5,682	5,304	121,726	6,821	474,970
Deductions*	—	73,148	—	—	68,315	—	141,463
Operating expenses:							
Depreciation	12,918	3,780	585	3,068	314	4,532	25,497
All other	116,461	95,325	4,083	12,388	14,160	85,020	327,437
Operating income (loss)	76,125	(42,320)	714	(10,152)	38,937	(82,731)	(19,427)
Nonop revenues (expenses)	(22,178)	113	—	—	1,410	10,744	(9,911)
Operating transfers in (out)	—	42,423	—	6,261	(40,100)	70,215	78,799
Net income (loss)	53,947	216	714	(3,891)	247	(1,772)	49,461
Current assets	128,721	42,307	5,925	3,150	3,819	37,138	221,060
Long term assets	21,573	—	—	—	—	—	21,573
Fixed assets	582,958	45,315	11,254	109,099	1,706	83,629	833,961
Total assets	733,252	87,622	17,179	112,249	5,525	120,767	1,076,594
Working capital (deficit)	74,843	13,082	4,852	(1,686)	(301)	16,982	107,772
Long term liabilities	311,247	—	—	—	—	—	311,247
Fund equity	368,127	58,397	16,106	107,413	1,405	100,611	652,059
Capital contributions	14,827	562	—	341	—	3,070	18,800
Fixed asset acquisitions	36,533	7,768	326	556	693	2,765	48,641
Fixed asset dispositions	—	599	—	—	342	—	941

* Hospital bad debts, contractual adjustments and charity services.
Commissions and prizes deducted from lottery tickets sold to agents.

(9) DETAILED INFORMATION FOR TRUST AND AGENCY FUNDS

A. UNEMPLOYMENT COMPENSATION

The District sponsors the Unemployment Compensation System which is administered by the Unemployment Compensation Board and is accounted for as a separate Unemployment Compensation Trust Fund. The Fund pays benefits to unemployed former employees of the District and Federal governments and private employers carrying on employment in the District. The District and Federal governments reimburse the Fund for benefits paid by it to their respective unemployed former employees. All administrative costs of the system are paid by the General Fund and reimbursed by a Federal grant.

B. HOUSING FINANCE

The District sponsors the Housing Finance Program which is administered by the Housing Finance Agency and is accounted for as a separate Housing Finance Trust Fund. The Fund issues bonds and uses the proceeds to finance residential mortgage, construction and rehabilitation loans. The principal and interest of bonds issued by the Fund are not general obligations of the District and are payable solely from defined revenues and assets of the Fund. Administrative costs of the program are financed by the Fund and operating transfers to the Fund from the General Fund.

An analysis of amounts due from or to others at September 30, 1987 follows ($000s).

Account	Due From	Due To
Loans	$182,617	229,788
Deferrals	4,958	2,529
Miscellaneous	2,388	7,118
Total	**$189,963**	**239,435**

C. PENSION

Plan Descriptions

The Federal government administers the Civil Service Retirement System which covers permanent full-time employees hired before October 1, 1987 (except those covered by the District Retirement Program) and the Social Security System which covers all other employees (except those covered by the District Retirement Program).

District contributions to the pension plans administered by the Federal government equaled employee contributions and were as follows ($000s). The District has no further liability to these systems.

Plan	Rate	Employees	1987	1986
Civil Service	7.00%	30,251	$ 51,864	47,204
Social Security	7.15	4,913	7,145	5,888
Total		**35,164**	**$ 59,009**	**53,092**
Total payroll			$1,328,718	1,203,690

The District Retirement Program (D.C. Code 1-701) is a single employer defined benefit pension plan administered by the Retirement Board and accounted for as Pension Trust Funds. Administrative costs of the program are financed by the General Fund and operating transfers to the General Fund from the Pension Trust Funds.

The District Retirement Program covers four classes of employees who contribute a percentage of their salary. The number of participants at September 30, 1987 was as follows.

Class	Rate	Retired	Vested	Nonvested	Total
Judges	3.50%	45	7	55	107
Police officers/Fire fighters	7.00	5,402	4,284	1,340	11,026
Teachers	7.00	3,616	5,408	1,510	10,534
Total		**9,063**	**9,699**	**2,905**	**21,667**

Teachers who retire at age 55 with 30 years of service, at 60 with 20 years, or at 62 with 5 years are entitled to an annual annuity, payable monthly for life, equal to 1.5% of their average salary for the highest consecutive 3 years for each year of service up to 5 years, 1.75% for each year over 5 years, and 2% for each year over 10 years, up to a maximum of 80%, excluding credit for unused sick leave. Somewhat different age and service formulas are established for judges, police officers and fire fighters. The program also provides death and disability benefits. Benefits vest upon reaching 5 years of service and increase after retirement based upon inflation. Refunds are made if separation occurs before 5 years of service.

Contributions Made

On January 2, 1975, when the District of Columbia Self-Government and Governmental Reorganization Act became effective, the unfunded actuarial liability under the District Retirement Program was $1.9 billion. The Retirement Reform Act (Public Law 96-122, approved November 17, 1979) authorized the Federal government to make 25 annual contributions ($000s) of $52,070 to the Pension Trust Funds from 1980 through 2004. These contributions total $1.3 billion and had a present value in 1975 of $486.8 million, using a 7% rate of interest. The present value of the future Federal obligation at September 30, 1987 was $543.9 million. The amount is included in Due From Federal Government on the balance sheet of the Trust and Agency Funds.

The Retirement Reform Act also provided that, for each year before 2005, the District will pay to the Pension Trust Funds a sum equal to normal cost (portion of benefits allocated to a valuation year) plus interest on the unfunded actuarial liability or net pay-as-you-go cost (benefit payments less employee contributions), whichever is less, plus annual amortization. An amount is calculated each year to amortize with interest, over a 10 year period, the difference between the projected unfunded actuarial liability as of September 30, 2004 and the unfunded actuarial liability at September 30, 1979 increased by the inflation assumption to September 30, 2004. The actual annual amortization payment may not exceed 30% (10% for police officers and fire fighters) of the net pay-as-you-go cost. In 1987, amortization over 10 years would have been $109.5 million without the percentage limitation. Beginning in 2005, the District's annual contribution to the Pension Trust Funds will increase to cover normal cost plus interest on the unfunded actuarial liability.

The District contributions to the Pension Trust Funds were determined under the Retirement Reform Act on the entry age normal actuarial cost method before the beginning of each year as follows ($000s).

Component	1987	1986
(1) Normal cost plus interest:		
Normal cost	$ 95,800	119,000
Interest on unfunded actuarial liability	293,900	337,900
Total	**389,700**	**456,900**
(2) Net pay-as-you-go cost	**160,600**	**149,800**
(3) Mandatory contribution:		
Lesser of (1) or (2)	160,600	149,800
Annual amortization	12,500	23,000
Subtotal	**173,100**	**172,800**
(4) Voluntary contribution	365	3,722
District contribution made	**$173,465**	**176,522**
Employee contribution made	$ 28,461	26,353

Pension Cost

Pension cost is the amount needed to be paid to the Pension Trust Funds in order for them to accumulate sufficient assets to pay benefits when due. The pension cost, based on the unit credit actuarial cost method with amortization over a 25 year period, was as follows ($000s).

Component	1987	1986
Normal cost	$122,084	113,707
Interest on unfunded actuarial liability	194,845	184,890
Amortization of unfunded actuarial liability	42,247	50,176
Pension cost	**$359,176**	**348,773**
Covered payroll	$369,168	363,441

Significant actuarial assumptions used to determine pension contributions, costs and obligations were as follows.

Assumption	1987	1986
Rate of return on investments	7%	7%
Salary inflation increase	5	5
Salary merit increase	2	2
Postretirement benefit increase	5	5

Funding Status

The actuarial present value of the pension benefit obligation (credited projected benefits) of the District Retirement Program and the market value of the net assets available for benefits were determined at September 30, 1987 as follows ($000s).

Class	Retired Employees	Current Employees			Total
		Employee Contributions	District Contributions		
			Vested	Nonvested	
Judges	$ 26,980	1,690	5,793	5,971	40,434
Police officers/Fire fighters	2,030,989	122,641	1,290,666	444,927	3,889,223
Teachers	954,162	151,475	702,696	97,223	1,905,556
Total pension benefit obligation	**3,012,131**	**275,806**	**1,999,155**	**548,121**	**5,835,213**
Net assets available for benefits	1,621,825	—	—	—	1,621,825
Unfunded pension benefit obligation	**$1,390,306**	**275,806**	**1,999,155**	**548,121**	**4,213,388**

Retired employees include retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.

The market value of the cash and investments ($000s) of the Pension Trust Funds was $1,060,513 at September 30, 1987 and $936,000 at November 30, 1987, a decline of $124,513 or 11.7%.

Trend Information

A schedule of pension contributions, costs and obligations expressed as a percentage of annual covered payrolls, and net assets available for benefits expressed as a percentage of total pension benefit obligations, follows.

Indicator	1987	1986	1985
District contribution made	47.0%	48.6%	45.4%
Employee contribution made	7.7	7.3	6.8
Pension cost	97.3	96.0	93.4
Unfunded pension benefit obligation	1,141.3	945.6	878.1
Net assets available for benefits	27.8	29.2	27.3

Voluntary Plans

The District sponsors a defined benefit pension plan under Internal Revenue Code section 401 for Convention Center employees covered by the Social Security System. Participants may contribute 2% of their annual compensation and the District contributes the actuarially required amount.

The District purchases nonforfeitable tax-sheltered annuity contracts for educational employees under Internal Revenue Code section 403. Public school teachers and University employees who are not covered by the Civil Service Retirement System may defer up to $9,500 of their annual compensation.

D. DEFERRED COMPENSATION

The District sponsors the Deferred Compensation Plan which is administered by independent contractors under Internal Revenue Code section 457 and is accounted for as a separate Deferred Compensation Agency Fund. Noneducational employees may defer up to 25% of the first $30,000 of their annual compensation. Compensation deferred and income earned are taxable when paid or made available to the participant or beneficiary upon retirement, death, termination or unforeseeable emergency. The plan assets are the property of the District and are subject to the claims of the District's general creditors. The District is liable to a participant only for income lost because of its failure to invest a deferred amount as directed by the participant.

The market value of the plan assets at September 30, 1987 of $17.6 million is included in Cash and Investments and in Due to Others on the balance sheet of the Trust and Agency Funds.

(10) INTERGOVERNMENTAL TRANSACTIONS

A. PAYMENT IN LIEU OF TAXES

The Federal payment to the District is in lieu of taxes it would have had to pay had it been subject to taxation and for costs incurred by the District for special purposes. Prior to March 1, the Mayor submits to the Council a requested Federal payment for the fiscal year commencing the following October 1. After action by the Council, the Mayor submits the request to the President for submission to Congress. The amount authorized by Congress to be appropriated as the Federal payment is based upon studies of revenues lost and costs incurred because of the Federal presence and the tax burden on District residents relative to other comparable jurisdictions.

The Federal contribution to the Pension Trust Funds is described in section C of Note 9 and to the Water and Sewer Enterprise Fund in section E of this note. A summary of the Federal payment to the General Fund follows ($000s).

Purpose	1987	1986
General purpose	$444,500	412,358
Saint Elizabeths hospital	35,000	23,925
Criminal justice initiative	—	13,264
Job training initiative	—	478
Educational initiative	—	144
Court study	—	96
Total	**$479,500**	**450,265**

B. REVENUE SHARING ENTITLEMENTS

The District's revenue sharing entitlement from the Federal government was $15.2 million in 1986.

C. OPERATING GRANTS

The District participates in Federal grant-in-aid programs. A summary of operating grant revenues by function follows ($000s).

Function	1987	1986
Governmental direction and support	$ —	69
Economic development and regulation	102,397	98,323
Public safety and justice	1,403	1,953
Public education system	43,814	43,218
Human support services	322,583	295,660
Public works	2,960	1,965
Total general	**473,157**	**441,188**
General hospital	113	—
University	4,923	6,095
Total	**$478,193**	**447,283**

D. CAPITAL GRANTS

Federal capital grants are used for the purchase or construction of fixed assets. Capital grants, except for water and sewer facilities, are recorded as intergovernmental revenues in the Capital Projects Fund. Capital grants for water and sewer facilities are recorded as Contributed Capital in the Water and Sewer Enterprise Fund. A summary of capital grant revenues by function follows ($000s).

Function	1987	1986
Economic development and regulation	$11,442	17,238
Human support services	357	—
Public works	71,412	55,901
Total	**$83,211**	**73,139**

E. WATER AND SEWER SERVICES

The Federal contribution ($000s) to the Water and Sewer Enterprise Fund was $28,810 in 1987 and $29,197 in 1986 for water and sanitary sewer services furnished to facilities of the Federal government.

The District exercises no oversight responsibility over the Washington Aqueduct which is owned by the Federal government and operated by the United States Army Corps of Engineers. The District compensates the Federal government for all operating expenses and capital outlays of the Washington Aqueduct. The capital outlays are capitalized and depreciated over 60 years in the Water and Sewer Enterprise Fund. A summary of costs incurred follows ($000s).

Purpose	1987	1986
Operating expenses	$12.7	12.8
Capital outlays	1.7	4.3
Total	**$14.4**	**17.1**

(11) COMMITMENTS

Minimum future rental payments for all operating leases having noncancelable terms in excess of one year are as follows ($000s).

Year	Facilities	Equipment	Total
1988	$ 25,524	1,000	26,524
1989	23,740	732	24,472
1990	18,881	227	19,108
1991	16,473	—	16,473
1992	13,608	—	13,608
Thereafter	95,125	—	95,125
Total	**$193,351**	**1,959**	**195,310**

Rental expenditures were $37.2 million in 1987 and $37.4 million in 1986. There were no material capital leases. Grants for mass transit are described in Note 4. Unexpended balances of construction in progress are described in Note 5. Saint Elizabeths mental hospital will be transferred from the Federal government to the District on October 1, 1987.

(12) CONTINGENT LIABILITIES

A. LITIGATION

The District may sustain losses from pending or threatened litigation and asserted or unasserted claims. An accrual of $11 million in the General Fund has been provided which reasonably estimates the probable settlement of claims and satisfaction of judgments against the District that may result from these contingencies. No accrual has been provided for possible but not probable additional claims and judgments which are reasonably estimated at $19.6 million.

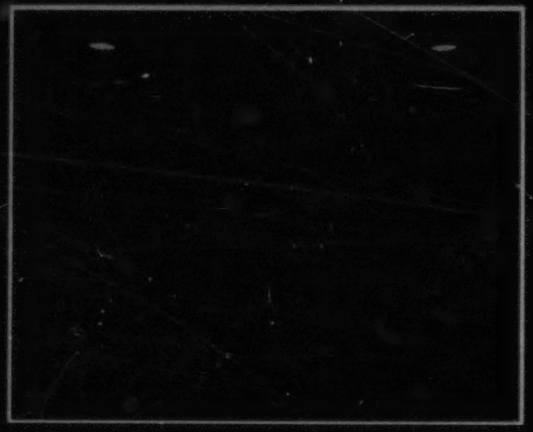
B. FEDERALLY ASSISTED PROGRAMS

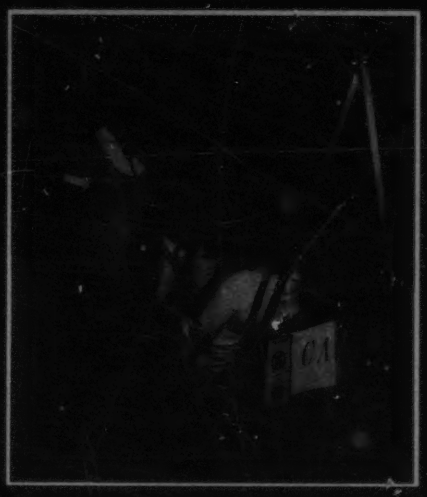
The District participates in a number of Federally assisted grant programs as described in Note 10. These grants are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs for the year ended September 30, 1987 have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. An accrual of $25.5 million in the General Fund has been provided which reasonably estimates the probable amount of expenditures that may be disallowed by the granting agencies.

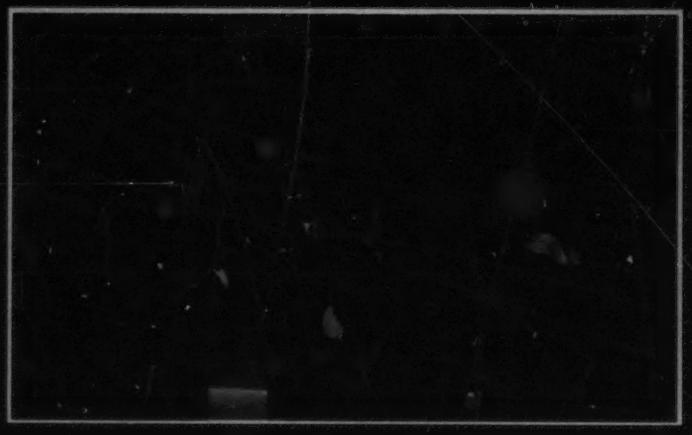
C. RISK MANAGEMENT POLICY

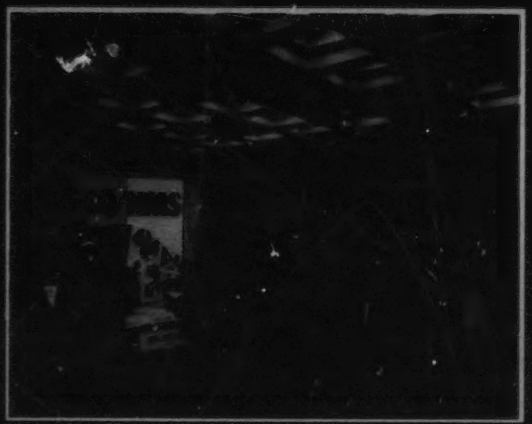
The District retains the risk of loss arising out of the ownership of property or from some other cause, except group health and life. Assets are not set aside to finance losses. Losses are recognized when they occur. No material casualty losses of real or personal property occurred in 1987 or 1986.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES









Where the District has more than one fund of a given type, combining statements for all funds of that type are presented in columnar format. Where the District has only one fund of a given type, individual fund statements are presented with prior year comparisons. Where greater detail for information reported in the statements is deemed useful, schedules are presented.

GENERAL FUND

To account for all financial resources except those required to be accounted for in another fund. All fixed assets of the District government except those related to specific proprietary funds are accounted for through the General Fixed Assets Account Group. All long term liabilities of the District government except those related to specific proprietary and fiduciary funds are accounted for through the General Long Term Liabilities Account Group.

Exhibit A-1

GENERAL FUND

COMPARATIVE BALANCE SHEET

September 30, 1987 and 1986
($000s)

	1987	1986
ASSETS		
Current Assets:		
Cash and investments	$161,865	192,504
Receivables (net of allowances for uncollectibles):		
Taxes	154,214	109,029
Accounts	23,669	26,170
Due from Federal government (note 2)	102,444	87,239
Due from other funds (note 3)	325	11,000
Inventory	20,869	18,754
Other current assets	1,992	1,646
Total current assets	465,378	446,342
Long Term Assets:		
Advance to other funds (note 3)	5,908	4,868
Total assets	**$471,286**	**451,210**
LIABILITIES AND FUND BALANCE		
Current Liabilities:		
Accounts payable	$154,715	181,982
Compensation liabilities:		
Salaries and wages	87,940	66,505
Employee benefits	1,450	1,446
Payroll taxes	2,661	2,989
Overtime leave	1,503	774
Annual leave	20,171	17,995
Other deductions	245	1,156
Due to Federal government (note 2)	42,525	64,002
Due to other funds (note 3)	16,171	15,186
Accrued liabilities:		
Claims and judgments	11,000	11,000
Grant disallowances	25,500	28,464
Interest	35,861	27,216
Tax overcollections	27,151	32,312
Other accruals	20,100	26,660
Deferred revenues:		
Property taxes	175,836	142,572
Federal grants	6,662	14,276
Other deferrals	23,118	22,447
Other current liabilities	23,270	19,109
Total liabilities	**675,879**	**676,091**
Commitments and Contingent Liabilities (Notes 11 and 12)		
Fund Balance:		
Reserved for long term assets	5,908	4,868
Unreserved (deficit)	(210,501)	(229,749)
Total fund balance (deficit)	**(204,593)**	**(224,881)**
Total liabilities and fund balance	**$471,286**	**451,210**

The accompanying notes are an integral part of this statement.

Exhibit A-2

GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Years Ended September 30, 1987 and 1986
($000s)

	1987	1986
Revenues:		
Taxes:		
Property	$ 541,211	488,849
Sales and use	459,418	432,969
Income and franchise	682,788	595,964
Gross receipts	99,786	93,799
Other	90,464	72,954
Total taxes	1,873,667	1,684,535
Licenses and permits	31,907	31,850
Fines and forfeits	38,569	39,528
Charges for services	134,531	117,585
Miscellaneous	24,076	34,897
Intergovernmental (note 10)	952,657	906,686
Total revenues	3,055,407	2,815,081
Expenditures:		
Current:		
Governmental direction and support	136,320	123,759
Economic development and regulation	239,248	211,038
Public safety and justice	813,947	743,224
Public education system	554,411	507,003
Human support services	954,434	875,757
Public works	250,667	238,624
Employee benefits addition (deduction)	(210,156)	(181,402)
Debt service:		
Principal	53,416	39,505
Interest	145,495	145,104
Fiscal charges	2,913	3,440
Total expenditures	2,940,695	2,706,052
EXCESS OF REVENUES OVER EXPENDITURES	114,712	109,029
Other Financing Sources (Uses):		
Proceeds (payment) of:		
Refunding bonds	248,297	442,810
Refunded debt	(239,398)	(424,756)
Refunding fiscal charges	(8,840)	(14,826)
Operating transfers in (out):		
Capital Projects Fund	(17,897)	(9,136)
General Hospital Fund	(42,423)	(48,350)
Convention Center Fund	(6,261)	(8,521)
Lottery and Games Fund	40,100	40,000
University Fund	(70,215)	(67,715)
Housing Finance Fund	(1,350)	(1,234)
Pension Funds	3,563	2,752
Total other financing sources (uses)	(94,424)	(88,976)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	**20,288**	**20,053**
Fund Balance (Deficit) at Beginning of Year	**(224,881)**	**(244,934)**
Fund Balance (Deficit) at End of Year	**$ (204,593)**	**(224,881)**

The accompanying notes are an integral part of this statement.

Exhibit A-3

GENERAL FUND

SCHEDULE OF REVENUES
BUDGET AND ACTUAL (BUDGETARY BASIS)

Year Ended September 30, 1987
($000s)

Source	Appropriated Budget	Appropriated Actual	Variance-Favorable (Unfavorable)
Taxes:			
Property:			
Real	$ 481,600	480,479	(1,121)
Personal	55,000	55,362	362
Public space rental	5,300	5,370	70
Total	541,900	541,211	(689)
Sales and use:			
General	382,900	381,707	(1,193)
Alcoholic beverages	7,400	6,567	(833)
Cigarette	10,100	10,219	119
Hotel occupancy	5,400	6,406	1,006
Motor fuel	23,800	25,541	1,741
Motor vehicle	28,000	28,978	978
Total	457,600	459,418	1,818
Income and franchise:			
Individual income	497,500	513,201	15,701
Corporation franchise	141,000	138,459	(2,541)
Unincorporated business	31,900	31,128	(772)
Total	670,400	682,788	12,388
Gross receipts:			
Public utility	80,000	72,818	(7,182)
Insurance companies	21,800	26,968	5,168
Total	101,800	99,786	(2,014)
Other:			
Inheritance and estate	27,500	27,095	(405)
Recordation	32,200	33,533	1,333
Transfer	30,100	29,836	(264)
Total	89,800	90,464	664
Total taxes	1,861,500	1,873,667	12,167
Licenses and permits:			
Business licenses	16,417	14,632	(1,785)
Nonbusiness permits	18,582	17,275	(1,307)
Total	34,999	31,907	(3,092)
Fines and forfeits	40,402	38,569	(1,833)
Charges for services:			
Court fees	4,835	4,058	(777)
Parking meters	9,717	9,744	27
Other	22,954	22,726	(228)
Total	37,506	36,528	(978)
Miscellaneous:			
Interest	11,001	13,939	2,938
Abandonments	4,600	2,462	(2,138)
Other	4,639	5,272	633
Total	20,240	21,673	1,433
Intergovernmental:			
Payment in lieu of taxes	479,500	479,500	—
Total revenues	$2,474,147	2,481,844	7,697

The accompanying notes are an integral part of this schedule.

Exhibit A-4

GENERAL FUND

SCHEDULE OF EXPENDITURES AND USES BUDGET AND ACTUAL (BUDGETARY BASIS)

Year Ended September 30, 1987 ($000s)

Function and Subfunction	Appropriated Budget	Appropriated Actual	Variance-Favorable (Unfavorable)
Governmental direction and support:			
Legislative	$ 8,599	8,285	314
Executive	8,190	8,138	52
Finance	44,060	43,663	397
Personnel	18,074	18,639	(565)
Administrative	32,704	34,020	(1,316)
Elections	3,389	3,301	88
Total	115,016	116,046	(1,030)
Economic development and regulation:			
Planning and development	10,820	10,482	338
Housing and redevelopment	35,812	24,780	11,032
Economic regulation	38,704	37,740	964
Employment services	34,512	34,451	61
Total	119,848	107,453	12,395
Public safety and justice:			
Police	298,125	297,550	575
Fire	74,400	75,854	(1,454)
Correction	181,611	180,206	1,405
Protection	2,629	2,589	40
Law	27,483	27,689	(206)
Judicial	67,541	68,012	(471)
Total	651,789	651,900	(111)
Public education system:			
Education	448,899	447,330	1,569
Culture	18,714	18,238	476
Total	467,613	465,568	2,045
Human support services:			
Health and welfare	540,412	545,423	(5,011)
Human relations	13,938	13,750	188
Employment benefits	20,452	20,412	40
Recreation	29,763	29,759	4
Total	604,565	609,344	(4,779)
Public works	199,488	198,757	731
Unallocated addition (rescission)	(16,571)	—	(16,571)
Debt service	201,026	208,703	(7,677)
Financing uses	111,373	107,018	4,355
Total expenditures and uses	**$2,454,147**	**2,464,789**	**(10,642)**

The accompanying notes are an integral part of this schedule.

Exhibit A-5

GENERAL FUND

SCHEDULE OF EXPENDITURES AND USES FUNCTION AND OBJECT (GAAP BASIS)

Year Ended September 30, 1987
With Comparative Totals for Year Ended September 30, 1986
($000s)

Function and Subfunction	Personal Services	Contractual Services	Supplies	Occupancy	Miscellaneous	Totals 1987	Totals 1986
Governmental direction and support:							
Legislative	$ 6,132	478	88	195	1,246	8,139	7,410
Executive	7,516	1,823	122	229	911	10,601	9,871
Finance	28,501	5,684	687	1,076	9,854	45,802	46,811
Personnel	14,440	4,830	143	266	2,554	22,233	19,076
Administrative	18,034	11,988	1,145	14,359	835	46,361	37,485
Elections	2,152	428	90	60	454	3,184	3,126
Total	76,775	25,231	2,275	16,185	15,854	136,320	123,759
Economic development and regulation:							
Planning and development	5,920	3,234	87	153	9,961	19,355	18,599
Housing and redevelopment	33,251	25,115	1,100	19,312	35,996	114,774	95,679
Economic regulation	30,028	5,243	356	1,181	2,397	39,205	32,354
Employment services	26,290	2,317	392	2,669	34,246	65,914	64,406
Total	95,489	35,909	1,935	23,315	82,600	239,248	211,038
Public safety and justice:							
Police	364,665	4,350	4,011	2,528	6,880	382,434	359,051
Fire	137,537	1,331	1,333	1,389	1,707	143,297	131,544
Correction	110,576	6,285	17,621	8,205	43,405	186,092	159,171
Protection	2,606	434	59	151	20	3,270	2,404
Law	13,212	10,077	404	562	5,621	29,876	27,351
Judicial	43,433	22,068	570	755	2,152	68,978	63,703
Total	672,029	44,545	23,998	13,590	59,785	813,947	743,224
Public education system:							
Education	464,107	12,261	15,406	18,600	24,648	535,022	489,784
Culture	11,951	920	272	1,428	4,818	19,389	17,219
Total	476,058	13,181	15,678	20,028	29,466	554,411	507,003
Human support services:							
Health and welfare	187,493	57,803	8,617	19,073	589,250	862,236	807,428
Human relations	2,808	12,983	72	152	1,000	17,015	14,225
Employment benefits	41,731	—	—	—	—	41,731	23,999
Recreation	26,588	2,822	1,533	1,370	1,139	33,452	30,105
Total	258,620	73,608	10,222	20,595	591,389	954,434	875,757
Public works	88,254	36,848	10,370	9,327	105,868	250,667	238,624
Employee benefits addition (deduction):							
Governmental direction and support	(130)	—	—	—	—	(130)	(235)
Economic development and regulation	(414)	—	—	—	—	(414)	(461)
Public safety and justice	(145,145)	—	—	—	—	(145,145)	(151,595)
Public education system	(42,499)	—	—	—	—	(42,499)	(23,102)
Human support services	(21,776)	—	—	—	—	(21,776)	(5,803)
Public works	(192)	—	—	—	—	(192)	(206)
Total	(210,156)	—	—	—	—	(210,156)	(181,402)
Debt service	—	—	—	—	201,824	201,824	188,049
Financing uses	—	—	—	—	94,424	94,424	88,976
Total expenditures and uses	**$1,457,069**	**229,322**	**64,478**	**103,040**	**1,181,210**	**3,035,119**	**2,795,028**

The accompanying notes are an integral part of this schedule.

CAPITAL PROJECTS FUND

To account for the purchase of fixed assets which are wholly or partly financed by capital grants or general long term debt and for the construction of fixed assets. The Capital Projects Fund is not used to account for the purchase of general fixed assets which are financed wholly from revenues of the General Fund. Such items are accounted for as current expenditures of that Fund.

Fixed assets are capitalized in the General Fixed Assets Account Group or in the proprietary fund to which they apply. Expenditures for items which are below the minimum cost or life of a fixed asset unit are not capitalized.

Exhibit B-1

CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET

September 30, 1987 and 1986
($000s)

	1987	1986
ASSETS		
Current Assets:		
Cash	$144,766	163,190
Due from Federal government (note 2)	29,886	22,072
Total assets	**$174,652**	**185,262**
LIABILITIES AND FUND BALANCE		
Current Liabilities:		
Accounts payable	$ 28,229	24,250
Deferred revenues	5,310	7,156
Total liabilities	**33,539**	**31,406**
Commitments and Contingent Liabilities (Notes 11 and 12)		
Fund Balance:		
Reserved for encumbrances	141,113	153,856
Total liabilities and fund balance	**$174,652**	**185,262**

The accompanying notes are an integral part of this statement.

Exhibit B-2

CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Years Ended September 30, 1987 and 1986
($000s)

	1987	1986
Revenues:		
Intergovernmental (note 10)	$ 83,211	73,139
Expenditures:		
Capital outlays:		
General fixed assets	282,217	202,236
Proprietary fixed assets	2,519	2,732
Total expenditures	284,736	204,968
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(201,525)	(131,829)
Other Financing Sources:		
Proceeds of improving bonds	170,885	192,382
Operating transfers in:		
General Fund	17,897	9,136
Total other financing sources	188,782	201,518
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(12,743)	69,689
Fund Balance at Beginning of Year	153,856	84,167
Fund Balance at End of Year	$141,113	153,856

The accompanying notes are an integral part of this statement.

Exhibit B-3

CAPITAL PROJECTS FUND

SCHEDULE OF CONSTRUCTION IN PROGRESS

September 30, 1987
($000s)

Function and Subfunction	Number of Projects	Author-izations	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Unexpended Balances
GENERAL						
Governmental direction and support:						
Executive	1	$ 2,098	12	37	49	2,049
Administrative	3	2,999	902	541	1,443	1,556
Total	4	5,097	914	578	1,492	3,605
Economic development and regulation:						
Housing and redevelopment	2	14,639	535	801	1,336	13,303
Public safety and justice:						
Police	3	14,468	1,851	3,209	5,060	9,408
Fire	4	8,265	284	247	531	7,734
Correction	18	110,393	7,347	12,184	19,531	90,862
Judicial	6	15,224	992	611	1,603	13,621
Total	31	148,350	10,474	16,251	26,725	121,625
Public education system:						
Education	5	28,740	12,052	1,134	13,186	15,554
Culture	3	5,373	18	462	480	4,893
Total	8	34,113	12,070	1,596	13,666	20,447
Human support services:						
Health and welfare	26	78,371	1,217	15,312	16,529	61,842
Human relations	2	13,483	86	652	738	12,745
Recreation	9	8,846	2,077	370	2,447	6,399
Total	37	100,700	3,380	16,334	19,714	80,986
Public works:						
Environment	5	9,573	1,239	1,083	2,322	7,251
Government buildings	9	13,303	2,635	2,265	4,900	8,403
Total	14	22,876	3,874	3,348	7,222	15,654
Total general	**96**	**$325,775**	**31,247**	**38,908**	**70,155**	**255,620**
PROPRIETARY						
Water and sewer:						
Water	2	$ 6,238	210	299	509	5,729
Sewer	4	78,512	12,147	14,895	27,042	51,470
Total	6	84,750	12,357	15,194	27,551	57,199
General hospital	1	25,221	1,139	293	1,432	23,789
Convention center	2	1,469	—	342	342	1,127
University	4	82,404	415	506	921	81,483
Total proprietary	**13**	**$193,844**	**13,911**	**16,335**	**30,246**	**163,598**

The accompanying notes are an integral part of this schedule.

ENTERPRISE FUNDS

To account for activities that are financed and operated in a manner similar to private business enterprises where the costs (including depreciation) of providing goods or services primarily or solely to the general public on a continuing basis are or could be financed or recovered primarily through user charges.

The **Water and Sewer Fund** is used to account for the provision of water and sewer services to residents of the District. All activities necessary to provide such services are accounted for in this Fund, including administration, operations, maintenance, debt service, billing and collecting. Depreciation on fixed assets acquired through capital grants is closed to Contributed Capital.

The **General Hospital Fund** is used to account for the costs of providing medical and surgical treatment to sick and injured residents by the District of Columbia General Hospital. The Hospital is governed by eleven Commissioners appointed by the Mayor with the consent of the Council.

The **Starplex Fund** is used to account for maintaining and operating the Armory to provide facilities for the quartering and training of the National Guard of the District of Columbia and for major athletic events, conventions, concerts and other activities; and for maintaining and operating the Robert F. Kennedy Memorial Stadium for athletic and other events. The Armory and Stadium are governed by a three member Armory Board, two of whose members are appointed by the Mayor with the consent of the Council. The third member is the Commanding General of the National Guard.

The **Convention Center Fund** is used to account for maintaining and operating the Washington Convention Center for local public shows and exhibitions, civic and community events and gatherings, athletic and cultural events, entertainment and other activities. The Convention Center is governed by five Directors appointed by the Mayor with the consent of the Council.

The **Lottery and Games Fund** is used to account for revenues from lotteries and daily numbers games operated by the District of Columbia and from licenses to conduct bingo games and raffles, and related prizes, expenses and capital outlays. Gambling activities are administered by a Lottery and Charitable Games Control Board consisting of five members appointed by the Mayor with the consent of the Council. All moneys made available to the Lottery and Games Fund by the General Fund must be derived from non-Federal revenues.

The **University Fund** is used to account for the resources received and used by the University of the District of Columbia which is a land-grant institution offering higher education to the general public. The University is governed by a Board of Trustees. Eleven members of the Board are appointed by the Mayor with the consent of the Council, one member is a full-time student, and three members are appointed by the alumni associations. Depreciation on fixed assets is closed to Contributed Capital.

Exhibit C-1

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

September 30, 1987
With Comparative Totals for September 30, 1986
($000s)

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	University	Totals 1987	Totals 1986
ASSETS								
Current Assets:								
Cash and investments	$ 44,292	35,076	5,489	2,616	3,275	31,896	122,644	69,011
Receivables (net of allowances for uncollectibles)	64,329	5,798	121	287	463	1,364	72,362	63,053
Due from Federal government (note 2)	7,384	63	—	—	—	765	8,212	11,371
Inventory	12,716	1,370	—	—	64	—	14,150	11,397
Other current assets	—	—	315	247	17	3,113	3,692	5,391
Total current assets	128,721	42,307	5,925	3,150	3,819	37,138	221,060	160,223
Long Term Assets:								
Due from other governments	17,581	—	—	—	—	—	17,581	18,557
Deferred charges	3,992	—	—	—	—	—	3,992	3,655
Total long term assets	21,573	—	—	—	—	—	21,573	22,212
Fixed Assets (Note 5):								
Property and equipment	768,221	80,430	25,398	120,923	2,285	125,074	1,122,331	1,076,204
Less - accumulated depreciation	185,263	35,115	14,144	11,824	579	41,445	288,370	264,446
Net fixed assets	582,958	45,315	11,254	109,099	1,706	83,629	833,961	811,758
Total assets	**$733,252**	**87,622**	**17,179**	**112,249**	**5,525**	**120,767**	**1,076,594**	**994,193**
LIABILITIES AND FUND EQUITY								
Current Liabilities:								
Accounts payable	$ 15,110	16,146	596	2,350	578	5,633	40,413	35,090
Compensation liabilities	4,879	8,387	246	265	299	7,733	21,809	20,225
Due to Federal government (note 2)	16,648	—	—	—	—	—	16,648	18,854
Due to other funds (note 3)	—	—	—	325	—	—	325	11,000
Accrued liabilities	6,148	—	—	—	—	—	6,148	5,574
Deferred revenues	4,639	4,692	—	218	141	3,279	12,969	10,748
Current maturities	6,454	—	—	—	—	—	6,454	4,749
Other current liabilities	—	—	231	1,678	3,102	3,511	8,522	8,336
Total current liabilities	53,878	29,225	1,073	4,836	4,120	20,156	113,288	114,576
Long Term Liabilities:								
Due to Federal government (note 2)	65,549	—	—	—	—	—	65,549	89,500
General obligation bonds payable (note 6)	218,188	—	—	—	—	—	218,188	178,068
Other long term liabilities (note 6)	27,510	—	—	—	—	—	27,510	28,251
Total long term liabilities	311,247	—	—	—	—	—	311,247	295,819
Total liabilities	**365,125**	**29,225**	**1,073**	**4,836**	**4,120**	**20,156**	**424,535**	**410,395**
Fund Equity:								
Contributed capital (note 5)	317,745	65,242	15,715	92,049	—	82,835	573,586	561,759
Retained earnings (deficit) since October 1, 1978	50,382	(6,845)	391	15,364	1,405	17,776	78,473	22,039
Total fund equity	**368,127**	**58,397**	**16,106**	**107,413**	**1,405**	**100,611**	**652,059**	**583,798**
Total liabilities and fund equity	**$733,252**	**87,622**	**17,179**	**112,249**	**5,525**	**120,767**	**1,076,594**	**994,193**

The accompanying notes are an integral part of this statement.

Exhibit C-2

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

Year Ended September 30, 1987
With Comparative Totals for Year Ended September 30, 1986
($000s)

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	University	Totals 1987	Totals 1986
Operating Revenues:								
Charges for services	$205,504	56,785	5,682	5,304	53,411	6,821	333,507	309,613
Operating Expenses:								
Personal services	38,888	71,107	2,093	4,717	3,089	63,058	182,952	171,168
Contractual services	39,755	8,051	642	4,265	9,608	5,543	67,864	60,175
Supplies	11,891	12,443	72	432	129	1,118	26,085	27,753
Occupancy	11,547	3,724	1,253	1,204	610	7,695	26,033	29,515
Depreciation	12,918	3,780	885	3,068	314	4,532	25,497	23,680
Miscellaneous	14,380	—	23	1,770	724	7,606	24,503	25,403
Total operating expenses	129,379	99,105	4,968	15,456	14,474	89,552	352,934	337,694
OPERATING INCOME (LOSS)	76,125	(42,320)	714	(10,152)	38,937	(82,731)	(19,427)	(28,081)
Nonoperating Revenues (Expenses):								
Intergovernmental (note 10)	—	113	—	—	—	4,923	5,036	6,095
Interest	(21,336)	—	—	—	1,397	1,404	(18,535)	(19,859)
Fiscal charges	(842)	—	—	—	—	—	(842)	(245)
Miscellaneous	—	—	—	—	13	4,417	4,430	4,141
Total nonoperating revenues (expenses)	(22,178)	113	—	—	1,410	10,744	(9,911)	(9,868)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	53,947	(42,207)	714	(10,152)	40,347	(71,987)	(29,338)	(37,949)
Operating transfers in (out):								
General Fund	—	42,423	—	6,261	(40,100)	70,215	78,799	84,586
NET INCOME (LOSS)	**53,947**	**216**	**714**	**(3,891)**	**247**	**(1,772)**	**49,461**	**46,637**
Depreciation closed to Contributed Capital	2,441	—	—	—	—	4,532	6,973	6,805
INCREASE (DECREASE) IN RETAINED EARNINGS	**56,388**	**216**	**714**	**(3,891)**	**247**	**2,760**	**56,434**	**53,442**
Retained Earnings (Deficit) at Beginning of Year	(6,006)	(7,061)	(323)	19,255	1,158	15,016	22,039	(31,403)
Retained Earnings (Deficit) at End of Year	$ 50,382	(6,845)	391	15,364	1,405	17,776	78,473	22,039

The accompanying notes are an integral part of this statement.

Exhibit C-3

ENTERPRISE FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended September 30, 1987
With Comparative Totals for Year Ended September 30, 1986
($000s)

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	University	Totals 1987	Totals 1986
Sources of Cash:								
Operations:								
Income (loss) before operating transfers	$ 53,947	(42,207)	714	(10,152)	40,347	(71,987)	(29,338)	(37,949)
Item not requiring cash -								
Depreciation	12,918	3,780	885	3,068	314	4,532	25,497	23,680
Working capital provided (required)	66,865	(38,427)	1,599	(7,084)	40,661	(67,455)	(3,841)	(14,269)
Increase (decrease) in current liabilities:								
Accounts payable	2,371	1,578	(321)	1,537	(1,153)	1,311	5,323	(7,010)
Compensation liabilities	616	(273)	73	35	25	1,108	1,584	1,531
Due to Federal government	(2,206)	—	—	—	—	—	(2,206)	(12,751)
Due to other funds	(11,000)	—	—	325	—	—	(10,675)	(31,308)
Accrued liabilities	574	—	—	—	—	—	574	3,565
Deferred revenues	2,617	1	—	(5)	(3)	(389)	2,221	5,638
Current maturities	1,705	—	—	—	—	—	1,705	3,294
Other current liabilities	—	—	88	18	292	(212)	186	3,107
Decrease (increase) in current assets:								
Receivables	(10,997)	222	162	320	1,056	(72)	(9,309)	1,184
Due from Federal government	1,432	26	—	—	—	1,701	3,159	(3,650)
Inventory	(2,729)	11	—	—	(35)	—	(2,753)	(4,060)
Other current assets	—	—	151	1,085	189	274	1,699	(1,601)
Cash provided (required)	49,248	(36,862)	1,752	(3,769)	41,032	(63,734)	(12,333)	(56,330)
Other sources of cash:								
Deduction of long term assets	1,818	—	—	—	—	—	1,818	245
Disposition of fixed assets	—	599	—	—	342	—	941	3,614
Proceeds of long term liabilities	46,093	—	—	—	—	—	46,093	127,968
Contribution of capital	14,827	562	—	341	—	3,070	18,800	7,613
Operating transfers in	—	42,423	—	6,261	—	70,215	118,899	124,586
Total sources of cash	111,986	6,722	1,752	2,833	41,374	9,551	174,218	207,696
Uses of Cash:								
Addition of long term assets	1,179	—	—	—	—	—	1,179	2,510
Acquisition of fixed assets	36,533	7,768	326	556	693	2,765	48,641	39,757
Payment of long term liabilities	30,665	—	—	—	—	—	30,665	112,053
Operating transfers out	—	—	—	—	40,100	—	40,100	40,000
Total uses of cash	68,377	7,768	326	556	40,793	2,765	120,585	194,320
INCREASE (DECREASE) IN CASH AND INVESTMENTS	**43,609**	**(1,046)**	**1,426**	**2,277**	**581**	**6,786**	**53,633**	**13,376**
Cash and Investments at Beginning of Year	**683**	**36,122**	**4,063**	**339**	**2,694**	**25,110**	**69,011**	**55,635**
Cash and Investments at End of Year	**$ 44,292**	**35,076**	**5,489**	**2,616**	**3,275**	**31,896**	**122,644**	**69,011**

The accompanying notes are an integral part of this statement.

FIDUCIARY FUNDS

To account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. These funds are classified as Expendable Trust Funds (Unemployment Compensation and Housing Finance), Pension Trust Funds and Agency Funds.

The **Unemployment Compensation Trust Fund** is used to account for the accumulation of resources to be used for benefit payments to unemployed former employees of the District and Federal governments and private employers in the District. Resources are contributed by private employers at rates fixed by law and by the District and Federal governments on a reimbursable basis. The Fund is administered by an Unemployment Compensation Board composed of the Mayor and four members appointed by the Mayor. The administrative costs of the Board are accounted for in the General Fund.

The **Housing Finance Trust Fund** is used to account for cash received from public and private sources to be used for increasing the supply and lowering the cost of money available for residential mortgages and construction loans in order to help alleviate the shortage of adequate housing. Mortgage lenders and the Fund make mortgage, construction and rehabilitation loans for single and multifamily rental and home ownership units designed to expand available housing opportunities, achieve neighborhood and fiscal stability, and effect residential economic diversity. The Fund is administered by a Housing Finance Agency Board of Directors comprised of five members appointed by the Mayor with the consent of the Council. The administrative costs of the Agency are accounted for in the Fund.

Pension Trust Funds are used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future for judges, police officers, fire fighters and public school teachers of the District. Resources are contributed by employees and by the District and Federal governments at amounts determined by an annual actuarial study and the Retirement Reform Act. The Funds are administered by an eleven member Retirement Board, three of whom are appointed by the Mayor, two by the Council and one each by active and retired police officers, fire fighters and teachers. The administrative costs of the Board are accounted for in the General Fund.

Agency Funds are used to account for compensation deferred by employees, refundable deposits required of various licensees, monies held in escrow and other assets held in custody by the District as an agent for individuals, private organizations, other governments or other funds.

Exhibit D-1

FIDUCIARY FUNDS

COMBINING BALANCE SHEET

September 30, 1987
With Comparative Totals for September 30, 1986
($000s)

	Trust			Agency	Totals	
	Expendable		Pension			
	Unemployment Compensation	Housing Finance			1987	1986
ASSETS						
Restricted Assets:						
Cash and investments	$ 80,761	58,934	1,060,513	65,290	1,265,498	1,132,089
Due from Federal government (note 2)	240	—	543,957	—	544,197	560,736
Due from other funds (note 3)	897	—	15,274	—	16,171	15,186
Due from others (net of allowances for uncollectibles)	11,806	189,963	19,601	13,367	234,737	186,692
Total assets	$ 93,704	248,897	1,639,345	78,657	2,060,603	1,894,703
LIABILITIES AND FUND BALANCES						
Long Term Liabilities:						
Advance from other funds (note 3)	$ —	5,908	—	—	5,908	4,868
Liabilities Payable From Restricted Assets:						
Due to others	2,559	239,435	17,520	78,657	338,171	388,992
Total liabilities	2,559	245,343	17,520	78,657	344,079	393,860
Commitments and Contingent Liabilities (Notes 11 and 12)						
Fund Balances:						
Reserved for net restricted assets	91,145	9,462	1,621,825	—	1,722,432	1,505,711
Unreserved (deficit)	—	(5,908)	—	—	(5,908)	(4,868)
Total fund balances	91,145	3,554	1,621,825	—	1,716,524	1,500,843
Total liabilities and fund balances	$ 93,704	248,897	1,639,345	78,657	2,060,603	1,894,703

The accompanying notes are an integral part of this statement.

Exhibit D-2

EXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended September 30, 1987
With Comparative Totals for Year Ended September 30, 1986
($000s)

	Unemployment Compensation	Housing Finance	Totals 1987	Totals 1986
Revenues:				
Benefit contributions	$ 91,086	—	91,086	107,966
Miscellaneous	—	32,304	32,304	38,473
Total revenues	91,086	32,304	123,390	146,439
Expenditures:				
Current:				
Benefit payments	79,709	—	79,709	75,691
Miscellaneous	—	34,105	34,105	36,096
Total expenditures	79,709	34,105	113,814	111,787
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	11,377	(1,801)	9,576	34,652
Other Financing Sources:				
Operating transfers in:				
General Fund	—	1,350	1,350	1,234
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	**11,377**	**(451)**	**10,926**	**35,886**
Fund Balances at Beginning of Year	**79,768**	**4,005**	**83,773**	**47,887**
Fund Balances at End of Year	**$ 91,145**	**3,554**	**94,699**	**83,773**

The accompanying notes are an integral part of this statement.

Exhibit D-3

PENSION TRUST FUNDS

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

Years Ended September 30, 1987 and 1986
($000s)

	1987	1986
Operating Revenues:		
Benefit contributions	$ 201,926	202,875
Miscellaneous	190,364	195,791
Total operating revenues	392,290	398,666
Operating Expenses:		
Benefit payments	183,972	178,445
INCOME BEFORE OPERATING TRANSFERS	208,318	220,221
Operating transfers in (out):		
General Fund	(3,563)	(2,752)
NET INCOME	**204,755**	**217,469**
Fund Balances at Beginning of Year	1,417,070	1,199,601
Fund Balances at End of Year	$1,621,825	1,417,070

The accompanying notes are an integral part of this statement.

Exhibit D-4

PENSION TRUST FUNDS

COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended September 30, 1987 and 1986
($000s)

	1987	1986
Sources of Cash:		
Operations:		
Income before operating transfers	$ 208,318	220,221
Increase (decrease) in restricted liabilities:		
Due to others	(14,161)	12,368
Decrease (increase) in restricted assets:		
Due from Federal government	16,484	15,406
Due from other funds	(1,026)	(338)
Due from others	(14,396)	(2,829)
Total sources of cash	195,219	244,828
Uses of Cash:		
Operating transfers out	3,563	2,752
INCREASE IN CASH AND INVESTMENTS	**191,656**	**242,076**
Cash and Investments at Beginning of Year	**868,857**	**626,781**
Cash and Investments at End of Year	**$1,060,513**	**868,857**

The accompanying notes are an integral part of this statement.

Exhibit D-5

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

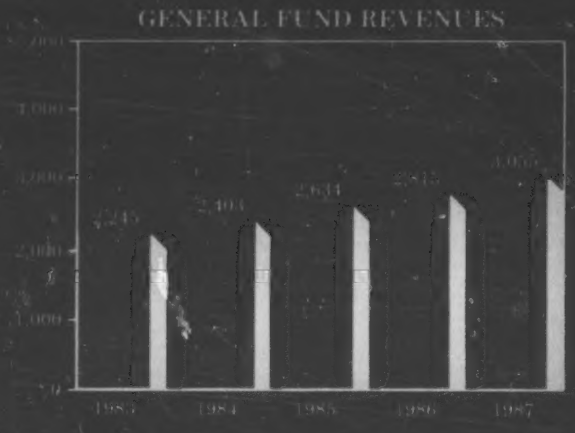
Year Ended September 30, 1987
($000s)

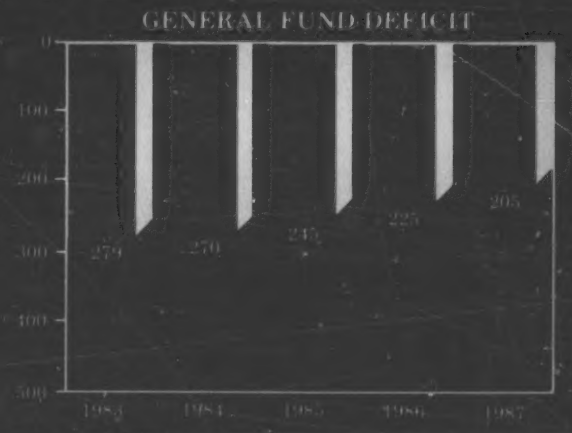
	Balance October 1, 1986	Additions	Deductions	Balance September 30, 1987
Deferred Compensation Fund				
ASSETS				
Restricted Assets:				
Cash and investments	$ 5,236	17,710	5,358	17,588
Total assets	$ 5,236	17,710	5,358	17,588
LIABILITIES				
Liabilities Payable From Restricted Assets:				
Due to others	$ 5,236	12,352	—	17,588
Total liabilities	$ 5,236	12,352	—	17,588
Other Agency Funds				
ASSETS				
Restricted Assets:				
Cash and investments	$53,111	70,800	76,209	47,702
Due from others	12,967	70,984	70,584	13,367
Total assets	$66,078	141,784	146,793	61,069
LIABILITIES				
Liabilities Payable From Restricted Assets:				
Due to others	$66,078	31,406	36,415	61,069
Total liabilities	$66,078	31,406	36,415	61,069
Totals				
ASSETS				
Restricted Assets:				
Cash and investments	$58,347	88,510	81,567	65,290
Due from others	12,967	70,984	70,584	13,367
Total assets	$71,314	159,494	152,151	78,657
LIABILITIES				
Liabilities Payable From Restricted Assets:				
Due to others	$71,314	43,758	36,415	78,657
Total liabilities	$71,314	43,758	36,415	78,657

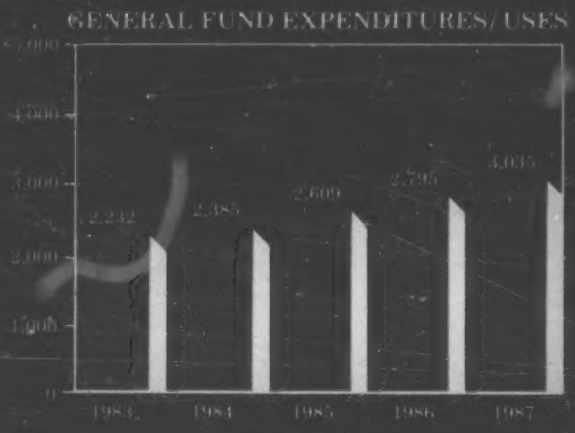
The accompanying notes are an integral part of this statement.

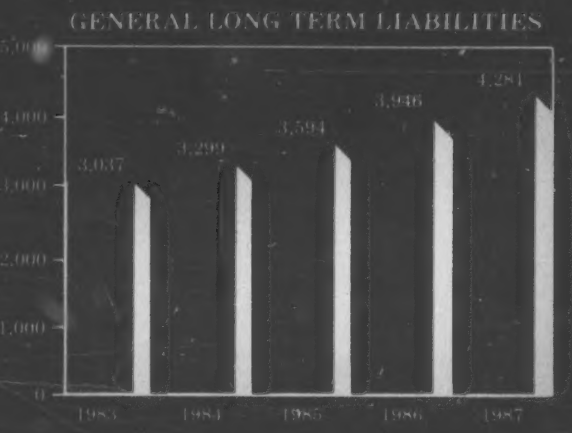
STATISTICAL SECTION

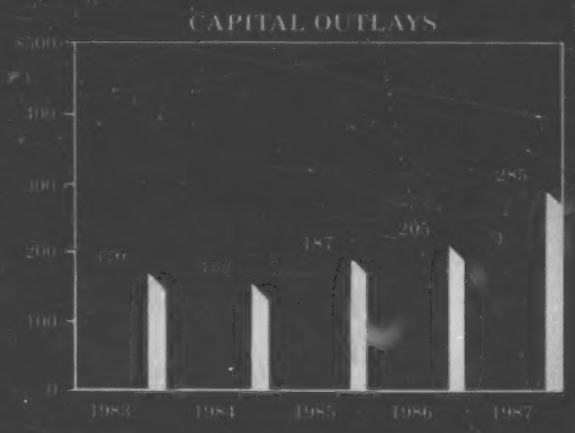
(In millions of dollars)

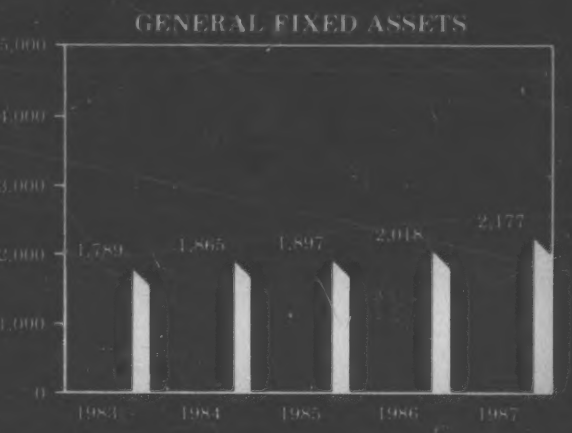












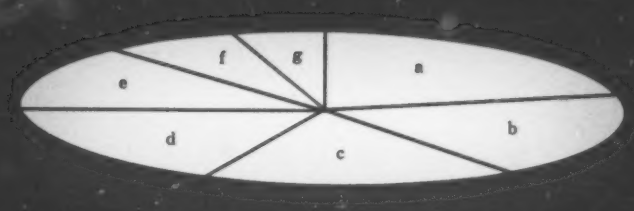
This section contains tables which differ from financial statements because they usually cover more than two fiscal years and may present nonaccounting data. Statistical tables reflect social and economic data, financial trends and the fiscal capacity of the District.

OPERATING RATIOS

GENERAL FUND FOR 1987

REVENUE DOLLAR BY SOURCE

Where the money came from

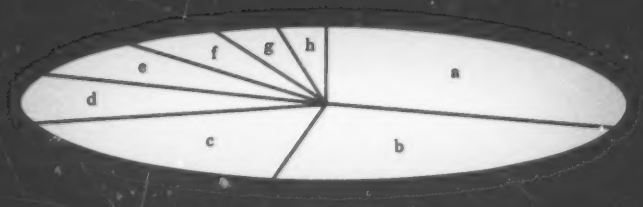


a. Income and franchise taxes	$ .22
b. Property taxes	.18
c. Payment in lieu of taxes	.16
d. Grants and entitlements	.15
e. Sales and use taxes	.15
f. Other	.08
g. Other taxes	.06
	$1.00

EXPENDITURE DOLLAR BY FUNCTION

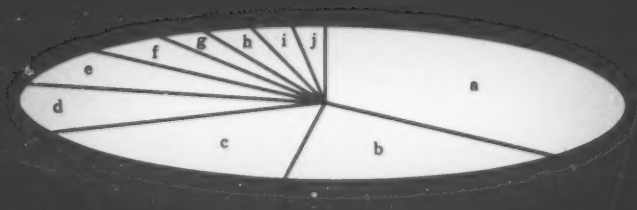
Where the money was spent

a. Human support services	$ .31
b. Public safety and justice	.22
c. Public education system	.17
d. Public works	.08
e. Economic development and regulation	.08
f. Debt service	.07
g. Governmental direction and support	.04
h. Operating transfers	.03
	$1.00



EXPENDITURE DOLLAR BY OBJECT

What the money was spent on



a. Salaries and wages	$ .38
b. Other	.15
c. Public assistance	.15
d. Employee benefits	.09
e. Contractual services	.08
f. Interest debt service	.05
g. Occupancy	.03
h. Operating transfers	.03
i. Supplies	.02
j. Principal debt service	.02
	$1.00

Exhibit S-1

GENERAL FUND REVENUES BY SOURCE

Last Ten Fiscal Years
($000s)

Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeits	Charges for Services	Miscel-laneous	Total District Revenues	Intergov-ernmental	Total (Exhibit A-2)
1978	$ 820,482	27,287	14,096	23,769	16,724	902,358	312,745	1,215,103
1979	799,014	29,224	16,281	23,545	18,200	886,264	672,567	1,558,831
1980	928,412	30,496	22,871	10,794	49,578	1,042,151	689,479	1,731,630
1981	1,078,830	29,245	23,478	73,418	28,944	1,233,915	678,404	1,912,319
1982	1,173,725	29,661	22,124	68,491	18,033	1,312,034	684,590	1,996,624
1983	1,295,927	29,728	22,658	122,239	20,465	1,491,017	753,730	2,244,747
1984	1,398,812	30,338	23,343	115,556	21,402	1,589,451	813,544	2,402,995
1985	1,536,027	31,460	29,214	97,576	29,976	1,724,253	909,693	2,633,946
1986	1,684,535	31,850	39,528	117,585	34,897	1,908,395	906,686	2,815,081
1987	1,873,667	31,907	38,569	134,531	24,076	2,102,750	952,657	3,055,407

Exhibit S-2

GENERAL FUND EXPENDITURES AND USES BY FUNCTION

Last Ten Fiscal Years
($000s)

Fiscal Year	Govern-mental Direction	Economic Develop-ment	Public Safety	Public Education	Human Services	Public Works	Employee Benefits	Debt Service	Financing Uses	Total (Exhibit A-2)
1978	$ 57,553	15,560	286,623	297,769	331,953	129,923	—	126,142	18,669	1,264,192
1979	64,888	91,106	310,787	317,329	532,587	118,985	—	113,359	9,435	1,558,476
1980	71,716	104,089	433,473	410,738	605,820	150,704	(156,057)	114,169	102,004	1,836,656
1981	75,509	96,807	450,526	397,944	645,192	153,868	(210,386)	123,772	111,387	1,844,019
1982	63,509	92,250	487,119	417,778	605,205	172,628	(101,181)	137,787	108,468	1,983,563
1983	55,196	118,315	562,178	448,763	718,348	250,227	(165,259)	153,217	90,876	2,231,861
1984	110,220	155,942	620,122	469,719	753,518	219,658	(204,517)	164,104	96,769	2,385,535
1985	120,473	198,209	685,091	490,561	776,318	231,503	(156,987)	177,802	86,050	2,609,020
1986	123,759	211,038	743,224	507,003	875,757	238,624	(181,402)	188,049	88,976	2,795,028
1987	136,320	239,248	813,947	554,411	954,434	250,667	(210,156)	201,824	94,424	3,035,119

Exhibit S-3

PERCENT OF FEDERAL PAYMENT TO REVENUES AND EXPENDITURES

Last Ten Fiscal Years
($000s)

Fiscal Year	Federal Payment (Exhibit S-16)	District Revenues (Exhibit S-1)	Current Expenditures* (Exhibit S-2)	Percent of Federal Payment to: District Revenues	Percent of Federal Payment to: Current Expenditures
1978	$276,000	902,358	1,119,381	30.6	24.7
1979	262,465	886,264	1,435,682	29.6	18.3
1980	276,500	1,042,151	1,620,483	26.5	17.1
1981	304,684	1,233,915	1,608,860	24.7	18.9
1982	336,600	1,312,034	1,737,308	25.7	19.4
1983	364,143	1,491,017	1,987,768	24.4	18.3
1984	417,222	1,589,451	2,124,662	26.2	19.6
1985	471,353	1,724,253	2,345,168	27.3	20.1
1986	450,265	1,908,395	2,518,003	23.6	17.9
1987	479,500	2,102,750	2,738,871	22.8	17.5

* Total expenditures less debt service and financing uses.

Exhibit S-4

MAJOR TAX RATES

Last Ten Fiscal Years

	Property (1)					Sales and Use				Income (5)		Receipts (6)
	Real				Personal	General	Selective					
	Residential		Commercial				Alcoholic					
Fiscal Year	Owner-Occupied	Tenant-Occupied	Hotels	Other		(2)	Beer (3)	Spirits (4)	Motor Fuel (4)	Individual	Business	Public Utility
1978	$1.54	1.54	1.83	1.83	2.82	.05	2.25	1.50	.100	.02-.11	.099	.060
1979												
1980	1.22		2.13	2.13	3.10	.06			.110			
1981									.130			
1982									.140			
1983									.148			
1984									.155			.087
1985			1.82	2.03							.105	
1986												
1987												

Units: (1) Per $100 of assessed value. (2) Per $1 of sales. (3) Per barrel. (4) Per gallon. (5) Per $1 of taxable income. (6) Per $1 of gross receipts.

Source: Department of Finance and Revenue.

Exhibit S-5

REAL PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Tax Years
($000s)

Property Tax Year*	Tax Levy	Tax Collections			Percent of Collections to Levy		Delinquent Taxes	
		Current	Delinquent	Total	Current	Total	Outstanding	Percent to Levy
1978	$156,108	150,471	6,206	156,677	96.4	100.4	$ 4,022	2.6
1979	171,703	168,755	2,442	171,197	98.3	99.7	3,271	1.9
1980	184,715	180,962	2,695	183,657	98.0	99.4	8,537	4.6
1981	230,367	224,573	3,900	228,473	97.5	99.2	10,950	4.8
1982	281,137	274,898	4,217	279,115	97.8	99.3	8,856	3.2
1983	334,667	326,252	6,353	332,605	97.5	99.4	10,271	3.1
1984	346,839	340,990	5,249	346,239	98.3	99.8	12,903	3.7
1985	392,635	383,763	5,237	389,000	97.7	99.1	14,809	3.8
1986	416,389	410,668	9,311	419,979	98.6	100.9	13,799	3.3
1987	469,219	459,716	8,025	467,741	98.0	99.7	15,036	3.2

* Property tax year is from July 1 to June 30. Taxes are payable in two equal installments on September 15 and March 31. Fiscal year is from October 1 to September 30.

Source: Department of Finance and Revenue.

Exhibit S-6

DISTRIBUTION OF INDIVIDUAL INCOME TAXES

Years Ended December 31, 1986 and 1985

Taxable Income	1986			1985		
	Percent of Total Taxes Collected	Number of Taxpayers	Percent of Taxpayers	Percent of Total Taxes Collected	Number of Taxpayers	Percent of Taxpayers
Under $5,000	0.4	32,523	10.5	0.5	32,761	10.7
$ 5,000 to 9,999	2.6	52,452	16.9	2.8	53,593	17.5
$10,000 to 14,999	6.3	54,038	17.5	6.9	54,921	18.0
$15,000 to 24,999	19.6	82,857	26.8	21.0	82,948	27.1
$25,000 to 49,999	34.4	66,134	21.4	34.9	62,812	20.5
$50,000 to 99,999	20.0	16,981	5.5	19.0	15,302	5.0
$100,000 and over	16.7	4,428	1.4	14.9	3,666	1.2
Total	100.0	309,413	100.0	100.0	306,003	100.0

Source: Department of Finance and Revenue.

Exhibit S-7

ASSESSED VALUE, CONSTRUCTION AND BANK DEPOSITS

Last Ten Fiscal Years
($000s)

Fiscal Year	Commercial Construction		Residential Construction		Bank Deposits (1)	Assessed Value of Property*			
	Number of Units	Value	Number of Units	Value		Commercial	Residential	Total Taxable	Nontaxable
1978	37	$ 73,208	2,374	$52,884	4,650,993	3,300,000	5,825,000	9,125,000	9,936,000
1979	57	190,462	1,871	60,190	5,092,065	3,815,000	6,823,000	10,638,000	10,601,000
1980	72	163,760	2,763	92,430	5,284,407	4,216,000	7,378,000	11,594,000	13,154,000
1981	56	180,747	1,172	30,002	5,781,615	4,981,000	8,984,000	13,965,000	13,407,000
1982	52	328,093	441	15,920	6,117,083	6,505,200	11,494,800	18,000,000	14,954,000
1983	93	497,614	608	38,072	7,329,039	8,038,700	12,055,300	20,094,000	20,062,000
1984	183	639,670	475	25,725	8,091,000	8,865,100	11,859,000	20,724,100	20,531,000
1985	153	304,925	628	30,031	9,059,000	11,321,600	12,124,600	23,446,200	22,152,700
1986	206	436,924	992	61,123	9,353,850	11,958,000	13,049,000	25,007,000	22,585,000
1987	131	640,294	1,249	171,490	10,070,904	14,130,500	14,002,800	28,133,300	23,115,300

* Assessed value is 100 percent of estimated actual value.

Sources: (1) FDIC *Summary of Deposits* in all commercial banks.
(2) Department of Finance and Revenue.

Exhibit S-8

TEN HIGHEST ASSESSED VALUES FOR TAX EXEMPT PROPERTIES

June 30, 1987

Property*	Value
George Washington University and Medical Center	$492,665,894
Howard University and Hospital	278,986,923
Georgetown University and Hospital	210,850,475
Washington Hospital Center	186,915,218
International Monetary Fund	155,479,200
National Cathedral	115,665,336
Catholic University of America	102,014,140
American University	95,301,552
National Geographic Society	89,964,277
National Shrine of the Immaculate Conception	68,156,062

* Excludes Federal government property.

Source: Department of Finance and Revenue.

Exhibit S-9

TEN HIGHEST ASSESSED VALUES FOR COMMERCIAL PROPERTIES

June 30, 1987

Squares	Lots	Building	Land	Improvements	Total
106	49	International Square	$80,633,316	104,366,684	185,000,000
254	837	National Place	75,682,500	106,585,000	182,267,500
252	82	1300 New York Avenue, N.W.	46,246,540	101,931,460	148,178,000
348	831-832	1001 Pennsylvania Avenue, N.W.	61,817,040	77,806,382	139,623,422
163	55	Washington Square	63,954,990	63,286,010	127,241,000
493	805 to 808	Federal Plaza	35,784,372	80,217,532	116,001,904
1173	820	3000 K Street, N.W.	31,214,704	84,566,796	115,781,500
2132	32	Washington Sheraton Corporation	20,191,499	94,221,001	114,412,500
224	22	Metropolitan Square	45,550,728	68,449,272	114,000,000
345	40	Grand Hyatt	30,801,600	65,695,000	96,496,600

Source: Department of Finance and Revenue.

Exhibit S-10

TEN HIGHEST ASSESSED VALUES FOR RESIDENTIAL PROPERTIES

June 30, 1987

Squares	Lots	Location	Land	Improvements	Total
1346	3, 4	1801 Foxhall Road, N.W.	$6,809,638	1,000,000	7,809,638
1467	801 to 803 825 828 to 832 834 to 837 854 to 857 866 to 874 876 to 880	50th & Massachusetts Avenue, N.W.	6,409,481	799,503	7,208,984
2630	819	1940 Shepherd Street, N.W.	2,186,142	4,006,608	6,192,750
1285	802 to 806 811, 812	1623 28th Street, N.W.	2,548,275	3,410,642	5,958,917
1346	821	2001 Foxhall Road, N.W.	5,883,450	—	5,883,450
1341	856, 858 859, 861	2209 Foxhall Road, N.W.	4,075,957	876,480	4,952,437
1341	857	2401 Foxhall Road, N.W.	2,304,730	993,120	3,297,850
1209	889	3014 N Street, N.W.	691,636	2,058,364	2,750,000
2515	816, 817	2145 Decatur Street, N.W.	731,006	1,907,644	2,638,650
1284	807	1627 29th Street, N.W.	1,143,252	1,459,432	2,602,684

Source: Department of Finance and Revenue.

Exhibit S-11

COMPUTATION OF LEGAL DEBT LIMITATION

Last Two Fiscal Years
($000s)

	1987	1986
Revenues:		
General Fund:		
District revenues (Exhibit S-1)	$2,102,750	1,908,395
Payment in lieu of taxes (Exhibit S-16)	479,500	450,265
Water and Sewer Fund (Exhibit C-2)	205,504	186,090
	2,787,754	2,544,750
Less- court fees (Exhibit A-3)	4,058	4,896
Total revenues	**$2,783,696**	**2,539,854**
Principal and Interest:		
General Fund:		
Principal (Exhibit S-13)	$ 53,416	39,505
Interest (Exhibit S-13)	145,495	145,104
Water and Sewer Fund:		
Principal matured (note 6A)	8,101	5,412
Interest expense (Exhibit C-2)	21,336	22,469
Interest capitalized (note 5B)	1,247	1,257
Total principal and interest	**$ 229,595**	**213,747**
Percent of Principal and Interest to Revenues*	**8.2**	**8.4**

* Under the District of Columbia Self-Government and Governmental Reorganization Act, no long term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long term general obligation debt to exceed 14 percent of the revenues of the fiscal year in which the debt is issued.

Exhibit S-12

PERCENT OF DEBT TO ASSESSED VALUE AND DEBT PER CAPITA

Last Ten Fiscal Years
($000s)

Fiscal Year	Population (Exhibit S-14)	General Obligation Debt (Note 6A)			Assessed Value (Exhibit S-7)	Percent of Debt to Assessed Value	Debt per Capita*
		Enterprise	General	Total			
1978	674,000	$ —	1,204,431	1,204,431	9,125,000	13.2	$1,787
1979	656,000	154,628	1,246,642	1,401,270	10,638,000	13.2	2,136
1980	638,000	159,880	1,307,013	1,466,893	11,594,000	12.7	2,299
1981	632,000	170,017	1,403,744	1,573,761	13,965,000	11.3	2,490
1982	626,000	187,175	1,502,825	1,690,000	18,000,000	9.4	2,700
1983	624,000	235,069	1,589,485	1,824,554	20,094,000	9.1	2,924
1984	623,000	261,229	1,646,633	1,907,862	20,724,100	9.2	3,062
1985	623,000	278,224	1,781,265	2,059,489	23,446,200	8.8	3,306
1986	625,000	297,249	1,952,196	2,249,445	25,007,000	9.0	3,599
1987	622,000	295,357	2,074,333	2,369,690	28,133,300	8.4	3,810

* There is no revenue, special assessment or overlapping debt.

Exhibit S-13

PERCENT OF DEBT SERVICE TO GENERAL FUND EXPENDITURES

Last Ten Fiscal Years
($000s)

Fiscal Year	Debt Service (Exhibit A-2)				General Fund Expenditures (Exhibit S-2)	Percent of Debt Service to General Fund Expenditures
	Principal	Interest	Fiscal Charges	Total		
1978	$23,410	102,734	—	126,144	1,264,192	10.0
1979	18,593	94,766	—	113,359	1,558,476	7.3
1980	21,643	92,526	—	114,169	1,836,656	6.2
1981	22,729	101,043	—	123,772	1,844,019	6.7
1982	25,419	112,368	—	137,787	1,983,563	6.9
1983	26,340	126,877	—	153,217	2,231,861	6.9
1984	27,852	136,252	—	164,104	2,385,535	6.9
1985	30,089	140,373	7,340	177,802	2,609,020	6.8
1986	39,505	145,104	3,440	188,049	2,795,028	6.7
1987	53,416	145,495	2,913	201,824	3,035,119	6.6

Exhibit S-14

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population (1)	Median Age	Per Capita Income (2)
1978	674,000	30.0	$ 9,589
1979	656,000	31.5	10,764
1980	638,000	31.0	12,210
1981	632,000	30.1	13,585
1982	626,000	30.6	14,562
1983	624,000	30.9	15,545
1984	623,000	31.4	17,113
1985	623,000	31.8	18,168
1986	625,000	32.7	18,545
1987	622,000	*	18,922

* Not available.

Sources: (1) Federal Bureau of the Census.

(2) Federal Department of Commerce, Bureau of Economic Analysis.

Exhibit S-15

GOVERNMENTAL AND EXPENDABLE TRUST FUNDS

SUMMARY OF CHANGES IN CASH AND INVESTMENTS

Years Ended September 30, 1987 and 1986
($000s)

	Governmental Fund Types		Fiduciary Fund Type	Totals	
	General	Capital Projects	Expendable Trust	1987	1986
Sources of Cash:					
Operations:					
Excess (deficiency) of revenues over (under) expenditures	$114,712	(201,525)	9,576	(77,237)	11,852
Items benefiting prior or future years -					
Capital outlays	—	284,736	—	284,736	204,968
Debt service principal	53,416	—	—	53,416	39,505
Working capital provided	168,128	83,211	9,576	260,915	256,325
Increase (decrease) in current/restricted liabilities:					
Accounts payable	(27,267)	3,979	—	(23,288)	61,716
Compensation liabilities	23,105	—	—	23,105	(41)
Due to Federal government	(21,477)	—	—	(21,477)	(48,643)
Due to other funds	985	—	—	985	537
Accrued liabilities	(6,040)	—	—	(6,040)	24,879
Deferred revenues	26,321	(1,846)	—	24,475	31,393
Other current liabilities	4,161	—	—	4,161	6,605
Due to others	—	—	(44,003)	(44,003)	64,188
Decrease (increase) in current/restricted assets:					
Receivables	(42,684)	—	—	(42,684)	(16,444)
Due from Federal government	(15,205)	(7,814)	55	(22,964)	(6,126)
Due from other funds	10,675	—	41	10,716	31,109
Inventory	(2,115)	—	—	(2,115)	(3,565)
Other current assets	(346)	—	—	(346)	(581)
Due from others	—	—	(33,249)	(33,249)	(53,484)
Cash provided	118,241	77,530	(67,580)	128,191	347,868
Other sources of cash:					
Proceeds of long term liabilities	248,297	170,885	1,040	420,222	636,058
Operating transfers in	43,663	17,897	1,350	62,910	53,122
Total sources of cash	410,201	266,312	(65,190)	611,323	1,037,048
Uses of Cash:					
Addition of long term assets	1,040	—	—	1,040	866
Acquisition of fixed assets	—	284,736	—	284,736	204,968
Payment of long term liabilities	292,814	—	—	292,814	464,261
Refunding charges	8,840	—	—	8,840	14,826
Operating transfers out	138,146	—	—	138,146	134,956
Total uses of cash	440,840	284,736	—	725,576	819,877
INCREASE (DECREASE) IN CASH AND INVESTMENTS	(30,639)	(18,424)	(65,190)	(114,253)	217,171
Cash and Investments at Beginning of Year	192,504	183,190	204,885	580,579	343,408
Cash and Investments at End of Year	$161,865	144,766	139,695	446,326	560,579

Exhibit S-16

GOVERNMENTAL, EXPENDABLE TRUST AND PROPRIETARY FUNDS

SUMMARY OF FINANCIAL ACTIVITY

Years Ended September 30, 1987 and 1986
($000s)

	1987					1986		Difference	
	Gross Cost	Related Resources		Net Cost	% of Revenue	Net Cost	% of Revenue	Better or (Worse)	
		District	Federal					Amount	%
General Revenues:									
Sovereign:									
Taxes	$ —	1,873,667	—	$1,873,667	76.6	$1,684,535	74.7	$ 189,132	11.2
Licenses and permits	—	31,907	—	31,907	1.3	31,850	1.4	57	0.2
Fines and forfeits	—	38,569	—	38,569	1.6	39,528	1.7	(959)	(2.4)
Miscellaneous:									
Interest	—	15,854	—	15,854	0.6	21,221	0.9	(5,367)	(25.3)
Other	—	7,734	—	7,734	0.3	13,031	0.6	(5,297)	(40.6)
Intergovernmental (unrestricted):									
Payment in lieu of taxes	—	—	479,500	479,500	19.6	450,265	20.0	29,235	6.5
Revenue sharing entitlements	—	—	—	—	—	15,233	0.7	(15,233)	(100.0)
Total general revenues	—	1,967,731	479,500	2,447,231	100.0	2,255,663	100.0	191,568	8.5
Cost of Services:									
Governmental:									
Direction and interest	291,920	6,672	—	285,248	11.7	280,888	12.4	(4,360)	(1.6)
Economic development	273,353	74,774	102,397	96,182	3.9	74,230	3.3	(21,952)	(29.6)
Public safety and justice	813,947	12,032	1,403	800,512	32.7	730,534	32.4	(69,978)	(9.6)
Education and libraries	554,411	3,681	43,814	506,916	20.7	460,494	20.4	(46,422)	(10.1)
Human services and recreation	1,034,143	103,041	322,583	608,519	24.9	533,876	23.7	(74,643)	(14.0)
Public works	250,667	60,124	2,960	187,583	7.7	185,931	8.2	(1,652)	(0.9)
Proprietary:									
Water and sewer	151,557	205,504	—	(53,947)	(2.2)	(45,333)	(2.0)	8,614	19.0
General hospital	99,105	56,785	113	42,207	1.7	46,751	2.1	4,544	9.7
Starplex	4,968	5,682	—	(714)	—	(613)	—	101	16.5
Convention center	15,456	5,304	—	10,152	0.4	8,634	0.4	(1,518)	(17.6)
Lottery and games	14,474	54,821	—	(40,347)	(1.7)	(40,017)	(1.8)	330	0.8
University	89,552	12,642	4,923	71,987	2.9	68,527	3.0	(3,460)	(5.0)
Net cost of services	3,593,553	601,082	478,193	2,514,298	102.7	2,303,902	102.1	(210,396)	(9.1)
CURRENT INCOME (LOSS)	(3,593,553)	2,568,793	957,693	(67,067)	(2.7)	(48,239)	(2.1)	(18,828)	(39.0)
Cost of Investing (Financing):									
Long term assets	(639)	—	—	(639)	—	2,265	0.1	2,904	128.2
Fixed assets	313,636	170,885	83,211	59,540	2.4	(32,023)	(1.4)	(91,563)	(285.9)
Long term liabilities	323,479	294,390	—	29,089	1.2	5,536	0.3	(23,553)	(425.5)
Net cost of investing	636,476	465,275	83,211	87,990	3.6	(24,222)	(1.0)	(112,212)	(463.3)
FINANCIAL FLOW IN (OUT)	(4,230,029)	3,034,068	1,040,904	(155,057)	(6.3)	(24,017)	(1.1)	(131,040)	(545.6)
Reclassification to GAAP Basis:									
Employee benefits	210,156	—	—	210,156	8.6	181,402	8.0	(28,754)	(15.9)
Depreciation	6,973	—	—	6,973	0.2	6,805	0.3	(168)	(2.5)
Long term assets	(639)	—	—	(639)	—	2,265	0.1	2,904	128.2
Fixed assets	28,900	—	—	28,900	1.2	28,530	1.3	(370)	(1.3)
Long term liabilities	30,665	46,093	—	(15,428)	(0.6)	(15,915)	(0.7)	(487)	(3.1)
Total reduction	276,055	46,093	—	229,962	9.4	203,087	9.0	(26,875)	(13.2)
INCREASE IN RETAINED CAPITAL	$(3,953,974)	2,987,975	1,040,904	74,905	3.1	179,070	7.9	(104,165)	(58.2)
Retained Capital (Deficit) at Beginning of Year				34,787	1.4	(144,283)	(6.4)	179,070	124.1
Retained Capital at End of Year				$ 109,692	4.5	$ 34,787	1.5	$ 74,905	215.3

Exhibit S-17

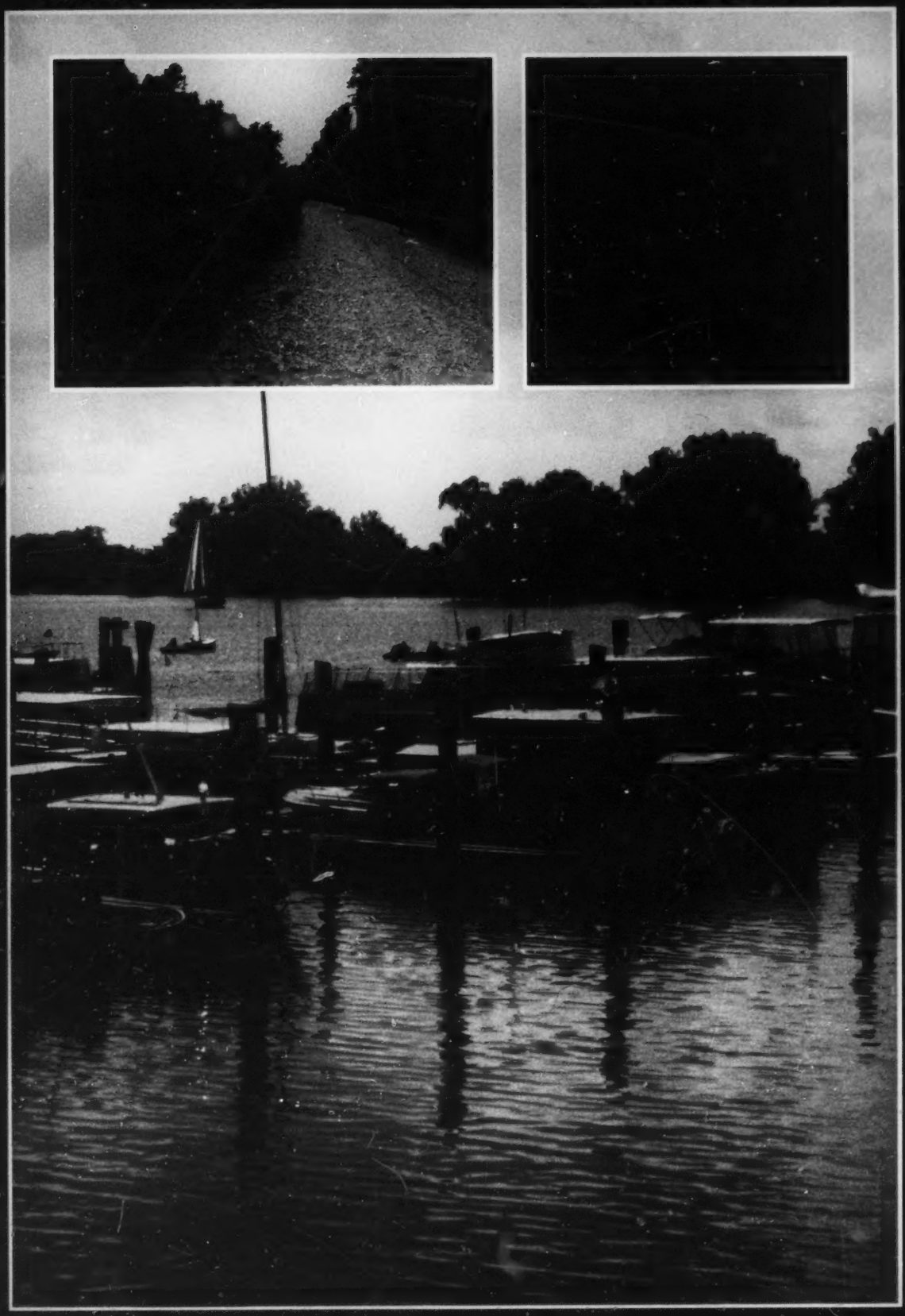
MISCELLANEOUS STATISTICS

September 30, 1987

Area (square miles):	
Federal and foreign governments	23.7
District government	2.5
Streets and alleys	15.4
Taxable base	20.3
Total area	61.9
Employees (authorized, permanent, full-time):	
Governmental direction	2,087
Economic development	1,244
Public safety and justice	10,810
Education and libraries	11,367
Human services and recreation	4,047
Public works	2,918
Total employees	32,473
Police Protection:	
Number of stations	13
Number of police officers	3,848
Crime index offenses	52,092
Fire Protection:	
Number of stations	34
Number of fire fighters	1,356
Transportation:	
Number of street lights	65,327
Number of traffic signalized intersections	1,288
Number of motor vehicle registrations (1/1-12/31)	402,509
Water:	
Number of consumers	127,800
Average daily consumption (in millions of gallons)	162
Miles of mains	1,286
Sewers:	
Miles of mains	1,800
Daily maximum capacity (in millions of gallons)	650
Economic:	
Taxable retail sales (in millions)	$5,416
Unemployment claims accepted	36,084
Unemployment claims rejected	11,636
Unemployment rate	6.4%
Recreation:	
Number of centers and playgrounds	102
Number of day camps	18
Number of outdoor swimming pools	34
Number of indoor swimming pools	11
Libraries:	
Number of main and branch buildings	21
Number of community and kiosk facilities	5
Number of volumes	1,486,638
Education:	
Number of public schools	184
Number of public school teachers	5,999
Number of public school students	86,893
Education level (in years of formal schooling)	12

C&O Canal

Washington Marina at night



Washington Marina